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## The Secondary Retail Market - a Viable Option?

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# **The Secondary Retail Market – A Viable Option?**

By

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**BSc (Surv.), Diploma Property Economics**

Thesis submitted for the award of

**M(Phil)**  
**(Master of Philosophy)**

to the

Dublin Institute of Technology

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**Supervisors:** Mr. John Ratcliffe, Director of the Faculty of the Built Environment.  
Mr. Brian Hughes, Lecturer, Faculty of the Built Environment.

## **Declaration**

I Certify that this thesis which I now submit for examination for the award of M(Phil), is entirely my own work and has not been taken from the work of others save and to the extent that such work has been cited and acknowledged within the text of my work.

This thesis was prepared according to the regulations for postgraduate studies by research of the Dublin Institute of Technology and has not been submitted in whole or in part for an award in any other Institute or University.

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Signature E. Murphy Date 23/1/12  
Candidate J

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## **Abstract**

The secondary retail market in Dublin has dramatically altered over the last four years. Indeed, the entire retail market in Dublin and countrywide has witnessed a substantial upsurge in activity over the last four years. On Grafton Street retail Zone A rents are breaking the £2,153 per square metre (£200 per square foot) barrier and premiums are in the region of £300,000 - £400,000. There is currently a shortage of good retail investment opportunities on Grafton Street, which is leading investors to turn to Dublin's other prime street, Henry Street. Over the last year Zone A rents on Henry Street have increased to about £1,830 per square metre (£170 per square foot) and there has been a return to the payment of premiums. Outside of Dublin City Centre the new regional centres are performing extremely well and have resulted in increasing levels of competition between retail locations.

The question that must be asked is what will happen to in-town shopping? Will the City Centre be able to compete with the out-of-town centres where everything is available under one roof and car parking is free? These areas are examined in detail, which leads to the introduction of the concept of Town Centre Management (TCM). This concept is explored indicating its benefits and how Dublin City Centre could especially be improved with a comprehensive TCM Policy. Examples of the different TCM Policies provide an insight into which would be most suitable for Dublin. TCM has been very successful in towns in Britain and would certainly revitalise Dublin City.

This research focuses primarily on secondary retail streets. Most of the research that has been undertaken regarding retail property relates to the prime areas. This research attempts to determine how the secondary streets have performed during the upsurge in retail activity over the last number of years, particularly since the commencement of the "Celtic Tiger" in 1994. It is examined both in terms of retail development and investment opportunities. The early chapters of the report are devoted to defining and analysing what constitutes a secondary street and how recent trends have changed. A **Profile of Streets** is identified which will be used in comparison with the prime areas.

The **Investment Section** forms a substantial part of the report. It will analyse the breakdown between private investors and the institutions and a rent table is compiled which will be useful for players in the property sector to examine as it will enable them at a glance to ascertain rents, yields, capital values etc. in the secondary market which can then be compared to the prime sectors to establish just how well secondary investments are performing. The research also deals with **Socio-Economic** features such as how the City Centre is affected by population growth and also various incentives which have been introduced such as 'living over the shop'. **Planning** is also an issue which is included in the overall report. The *1998 Draft Development Plan for Dublin City* contains various specific policies for secondary retail areas in Dublin thus signifying their continuing importance in the City.

Secondary retail property is a lucrative investment as returns over the last five years indicate. The structure of the market has changed considerably as the quality of tenants have improved and streets are identifying niches in the market. The continued shortage of prime retail investment and the constraints introduced by the Bacon report, in relation to residential property, will ensure that secondary retail property will continue to be a viable investment. The continued success of the secondary retail market will be dependent upon economic performance, which is forecast to remain very favourable over the next five years.



# **Chapter One**

## **Introduction & Literature Review**

## **1.0 Introduction**

Retail functions have been associated with towns and cities since the very beginnings of urban settlement. Indeed, retail was the “raison d’être” of towns in the first instance, as market functions served the rural hinterlands of towns. Over the centuries, as towns have developed and evolved, retail functions have changed in tandem, often initiating major alterations in the urban fabric.

Retail property comprises a substantial portion of the overall commercial property market in Dublin with the other sectors being industrial, office and residential. The Retail Sector is, however, the most susceptible to change; innovation and technological advances are constantly improving the market for both the retailer and consumer. The IPD Index of 12 Irish Institutional property portfolios, comprising IR £1.2 billion, lists over 300 buildings; of this retail comprises c.40% of their total portfolio and other city centre retail which is effectively equivalent to secondary retail property, comprises approximately 5% of the total portfolio (IPD, 1999).

The performance of any particular market will be ultimately determined by the general performance of the economy. The level of spending by consumers determines the fortune of the retail market itself, which in turn is dependent upon macro-economic performance. If one considers the growth in the economy over the past five years, since the beginning of 1994, it becomes apparent that the Republic of Ireland has enjoyed an unprecedented increase in the standard of living in what has become known as the ‘Celtic Tiger’, a term first coined by economist Kevin Gardiner<sup>1</sup>. During

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<sup>1</sup> Kevin Gardiner is a Senior Economist at Morgan Stanley in London. He has written extensive articles on the performance of the Irish economy and was the person who first referred to the Irish economy as the ‘Celtic Tiger’, although his original description had in fact a different meaning to what we now know and refer to as the ‘Celtic Tiger’.

this period, Irish GDP has probably grown in real terms by more than two-fifths, a compound rate of roughly 9% a year and almost four times faster than its European Union partners. This pace, if sustained, would make Ireland the world's most prosperous country on a per capita basis in about seven years time. (*Irish Times article*, January 6<sup>th</sup> 1998, 'Euro's embrace may feel like a straitjacket if growth falters into the mystic with EMU'). Retail floor space has increased by an estimated 69,675 sqm (750,000 sqft) in 1998 (DCCBA News, Spring 1999) and further retail developments (as shown in Appendix A) are planned to commence later in 1999. Such developments include the Millennium Mall on O'Connell Street and the hotel and retail development on Parnell Street. At this stage, however it appears likely that it will be 2000 before any of the projects are under construction.

Two questions which are being asked are why has the retail market been targeted as a good investment and a perennial question; is Dublin becoming overshopped? Most of the development and growth has been in prime locations of the City Centre or in the major new Town Centres, taking the form of Ireland's first regional shopping centres such as The Square in Tallaght (1990) and the Blanchardstown Centre (1996). In the City Centre developments have included the Jervis Street Centre (1996) and various streetscape and retail improvements to Grafton Street. The Marks & Spencer/Brown Thomas move was a major development on Grafton Street. Further developments planned for 1999 include an extension to the existing Ilac Centre and a shopping development on the Carlton Cinema Site on Upper O'Connell Street.

During all this time it is important to consider the other sectors of the retail market and it is from this perspective that this thesis emerges. What has become of the

secondary market? Has it felt the advantages filter down through it as a result of the growth in the economy and how has it been effected? Has it experienced an increase in activity or has it suffered due to the success of prime retail developments?

In all of the reports which have been published, the secondary market tends to be neglected and there is a significant dearth of financial and investment analysis carried out on this particular market. The objective of this thesis is to correct this deficit and to provide a valuable appraisal and analysis on investment performance in this area and in doing so prove that secondary retail property can be quite lucrative to both private and institutional investors.

### **1.1 Aims and Objectives of the Thesis**

As mentioned previously, there exists a dearth of good quality data in relation to the secondary market. This thesis is effectively the first major piece of work carried out since 1989, when the Dublin City Centre Business Association published a limited report on a survey of certain secondary streets<sup>2</sup>. The main aim of this thesis is primarily to redress the deficit in the market in relation to material and research on this aspect of the market. By doing so, it will illustrate how very active and lucrative this sector of the market is. In order to achieve this aim, certain objectives have been defined. These are discussed later in addition to how they are achieved indicating the methodology employed. In essence, this thesis will focus primarily on the secondary retail market while simultaneously drawing on comparisons and distinctions to the prime market. Background factors such as transport, population and access will be examined in the context of their relationship with the secondary market. Historical,

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<sup>2</sup> A survey of secondary streets was undertaken by Mr. Michael McLoughlin on behalf of the DCCBA on secondary streets.

recent and future trends will be very important in trying to predict the future of the market. A substantial focus of this thesis will, however, be the examination of investment potential and performance. In addition it will find out why the retail market tends to be characterised by an owner occupier/private investor environment.

The thesis will also concentrate on the concept of Town Centre Management (TCM). This is a relatively new concept in Ireland but has been in existence for many years in both the UK and US in various forms. TCM is becoming progressively more important in the face of increased competition and threat to city centres from the out-of-town centres. Competition has steadily heightened with the opening of many large out-of-town complexes, the latest two developments having taken place in Blanchardstown (1996) and at Liffey Valley (1998). With recent improvements in transport infrastructure and increased consumer mobility, out-of-town shopping centres are becoming extremely attractive, with the result being a fall in trips to the City Centre. While the prime areas within the City Centre have the financial backing to undertake re-development of their stores in order to encourage customers to return, many of the traders within secondary areas are not afforded the same advantage of available capital. They must approach, carry out research and examine other options, which will entice people and shoppers back to their stores. This is where the concept of Town Centre Management comes into force.

Town Centre Management enables the vitality and viability of smaller towns and cities to remain intact. It plays a crucial role in smaller towns throughout the country but also has great potential, if implemented efficiently, to increase the attractiveness

of secondary retail environs. With this comes first critical mass followed by further investment and development of such areas.

The above aim in paragraph one of section 1.1 is supported in the text by the following objectives:

- 1) To carry out a very detailed analysis of the secondary retail market. This will result in the establishment of trends and patterns in evidence. This involves both a qualitative and quantitative approach to methodology. The structured and semi-structured interviews that were undertaken were central to obtaining data on the current profiles of streets. This expert opinion proved to be a very valuable resource in analysing different aspects of the secondary market. One important element in determining the future of the streets was gaining critical information from the retailers as to how they perceive the prosperity of their businesses operating on such secondary streets. This information is achieved by means of a questionnaire survey.
- 2) Define secondary retail streets and describe how they differ from prime areas. This objective is achieved by the use of both primary and secondary research methods. The secondary research methods took the form of reading through material already published on both prime and secondary retail environments. Again, expert opinion received through the interviews enabled a retail hierarchy to be compiled. The establishment of the above mentioned hierarchy was achieved by examining different aspects of prime and secondary streets. Such aspects included issues like rental values, capital values, yields, quality of tenants, physical condition of buildings, general environment, pedestrian flows and pedestrianisation.

- 3) Analyse the effects of the economic cycle on secondary streets. This objective was to a great extent examined through data provided by IPD which illustrates performance of retail investments from 1984 to date. Periods of marked recession and economic growth have been defined in various Central Bank Reports. Such information is compared to data provided by IPD. This objective is somewhat determined by quantitative methodology based upon performance figures for secondary retail property as against GNP and GDP figures for the economy during periods of both economic recession and growth.
- 4) Critically analyse the investment opportunities available on the secondary streets. Again, the achievement of this objective relied upon expert opinions as to why secondary property has become a good investment. The shortage of prime retail property investment has led to a diversion of funds into this sector. Investment opportunities have also been enhanced by the curtailment and restrictions introduced by the Bacon Report in relation to residential property. This objective was also dependent upon a certain volume of quantitative data. This is mainly in the form of information, again supplied by IPD in relation to returns that are currently being achieved for secondary retail property investments. Data is supplied from 1984 to 1997. It illustrates how well such investments have progressed. Thus indicating that such investments are quite lucrative.
- 5) Assess the current climate as regards rents, yields and capital values. The author tracked and recorded market transactions that took place from July 1997 until June 1999. They are the most up to date financial details in

relation to the market and indicate how rents and capital values have risen and consequently how yields have fallen.

- 6) Assess the background factors which have an effect on the performance of the market. Each of the background factors are assessed and discussed in detail in later chapters. The above objective for the most part was achieved through qualitative data. All aspects such as transport, population, social issues, planning, town centre management, pedestrianisation, traffic etc. were analysed. Secondary research in relation to the above issues was complemented again by very valuable expert opinion achieved through the questionnaire survey and interviews.

As a consequence of the intended subject matter, it was necessary to carry out an extensive review of literature on the market. One of the driving forces behind the success of the retail market is the economic climate of the country. This needed to be explored further to critically assess how the secondary market has benefited and developed in the current climate. This investigation into the economic situation was also necessary to make comments as to the future performance of the secondary market.

Transactions in the secondary retail market were also recorded to give an insight into core performance. Therefore, rents, yields and capital values of secondary property could be compared to other retail formats and hence it was possible to place secondary retail streets in the context of the overall retail hierarchy.



## **1.2 Research Methodology Employed**

In order to gain a deeper knowledge and insight into how the property market performs, especially the secondary market, it was necessary to carry out an extensive literature review. Indeed, to date, as mentioned previously, there has been a lack of literature written directly on the Irish/Dublin secondary market. Therefore, it was necessary to carry out extensive consultations with material in relation to the general area. This enabled an exact setting to be explored from which this thesis has been developed.

A combination of primary and secondary research was used for the purposes of this thesis. Due to the nature of the work and the specialisation on the secondary market, primary research was the preferred method. The secondary research was related mainly to overviews on the entire retail market and economy. Hence, the secondary research has been complemented by extensive primary research in many forms. These forms included questionnaires and both structured and non-structured interviews. The information and material gained through the primary research has been an invaluable source, which has been the core from which conclusions and recommendations have been drawn.

Due to the substantial interest in the work that the author encountered in the process of the interviews and questionnaires, it was decided to undertake a half-day seminar on one of the aspects of the thesis. The seminar on Town Centre Management was successfully held at the Dublin Institute of Technology, Bolton Street, on the 19<sup>th</sup> of February 1999. The speakers were high profile experts in the field of Town Centre Management, who delivered good quality papers on different aspects of Town Centre

Management. The papers, therefore, proved to be an invaluable source of information and contributed significantly to the secondary research which the author undertook.

Over a three-month period, the author was in frequent contact with the speakers of the seminar. Liasing with them provided the opportunity to interview them on certain aspects of Town Centre Management which were central to the thesis. Through the organisation of the seminar the author, therefore, had opportunities to speak to these well-versed and experienced people in relation to an important element of the thesis. This advantage would not have been available had the seminar not taken place. As a result, it proved to be an excellent source of other primary up-to-date research and current thinking.

### **1.2.1 Secondary Research**

Secondary research is defined by Kane E., (1985) as follows:

*"It is to some degree a form of desk research in that it will analyse all the written material which has been published and unpublished on the topic".*

All material, published and unpublished, was collected and explored to find whether it was relevant to the project. As a result an extensive literature review was carried out. An array of different sources provided substantial information. These sources included books, periodicals, journals, Government publications, both published and unpublished reports, newspapers, the Internet and various CD-ROM packages.

Over the study period (July 1997-July 1999) all of the libraries at the Dublin Institute of Technology were used as well as those in Trinity College, Dublin City University

and University College Dublin. The Dublin Corporation Library in the Ilac Centre also proved to be an invaluable source. The study also required a search for further vital data, which was conducted in Great Britain and the USA. The RICS Library in London, along with various other property organisations provided good quality material which enabled this report to be compiled. The Urban Land Institute in the USA also provided valuable material through their books and other publications. Various conferences and seminars which were attended over the two-year period also provided a valuable source of external secondary data. These were as follows: The Cutting Edge, Dublin, 3<sup>rd</sup>/5<sup>th</sup> of September 1997, Town Centre Management, London, 28<sup>th</sup> of November 1997, SCS/IPD Annual Presentation on the Irish Commercial Property Market, Dublin, 19<sup>th</sup> of March 1998, Dublin & Its Regions, Dublin, 1<sup>st</sup>/2<sup>nd</sup> of October 1998, Town Centre Management – Will It Ensure the Future Vitality and Viability of Irish Town Centres, Dublin, 19<sup>th</sup> of February 1999. The author organised the last mentioned seminar, which was held at the Dublin Institute of Technology.

### 1.2.2 Primary Research

Primary research is defined by Kane E., (1985) as being:

*'...based on purely new material that is the original option. The topic under research has never been undertaken before and therefore the data which form the basis of the work will have to come from first rate knowledge; surveys, questionnaires and interviews'.*

For the purposes of this study the primary methods employed were both structured and non-structured interviews and questionnaires. The structured and non-structured interviews were used primarily to gain expert opinions and knowledge in the field of

study and were very successful in providing that knowledge. This study is predominantly qualitative in nature. Qualitative research typically involves small sample sizes and non-structured questions (Koschnick, 1996). It 'usually consists of questioning knowledgeable respondents individually or in small groups' (Koschnick, 1996).

### Interviews

As mentioned above, both structured and non-structured interviews were undertaken. However, having completed three or four of such interviews, it was decided to adopt a semi-structured approach. This approach allowed for additional questions, which may have arisen during the course of the interview. A strictly formal structured interview would certainly have ensured that all essential areas were covered, however, Miller (1983) described it well when he states:

*'Pre-specified questions ensure that desired topics are covered, but at the cost of preventing a natural evolution of conversation and thought'.*

### The Sample Chosen

The sample for the interviews was drawn from a wide variety of experts from the different aspects of the property market which consist of commercial agents, investment specialists and planning experts. It enabled opinions to be gained on all aspects and issues which have an impact on the secondary market. In all, thirty-five interviews were carried out. The respondents were representative of the major property companies, estate agents, town planning consultants, investments institutions and major retailers. All people interviewed are experts in their various fields and found the project extremely interesting.

Certain core questions were asked in all of the interviews. The questions ensured that all important and key issues in relation to the research were covered. This enabled a wide range of responses to be disclosed on certain issues. All the other questions were tailored to suit the individuals; for example whether they were investment experts or planning experts. The questions devised were formulated to understand all aspects of the market. The final questions that were asked at the interviews emerged from issues that became evident during the literature review and also from preliminary discussions with key individuals and players in the retail property market. Hence, all-important issues in relation to the market were covered in detail. A copy of the questions is set out in Appendix B.

The interviews on average lasted about an hour and the responses were manually recorded as this proved to be the method favoured by the respondents. The notes taken from the interviews were written up immediately after the interview to ensure that all aspects were correctly understood and fresh. As the interviews were semi-structured, it meant that the length of the interview was not restricted and in some instances the respondents were able or willing to devote two hours to the process which was extremely helpful given their position within the particular organisation. In some instances the interviews were followed-up by telephone conversations where specific issues needed to be clarified. Overall, the interviews were successful in providing valuable information. The responses form an excellent source of data. Most of the responses to questions asked were consistent and served to confirm facts that the author had already established in relation to the market.

### Questionnaires – Sample Chosen

From the outset, certain secondary streets were chosen and were analysed in-depth for the purpose of the thesis. The secondary streets were divided into a hierarchy and seven streets were chosen as being prominent representatives of the different categories within the overall hierarchy. The streets chosen were North Earl Street, Talbot Street, Capel Street, Nassau Street, Dawson Street, South Anne Street and Wicklow Street. The streets were chosen as they represent very sizeable and significant secondary streets in the overall retail market. The definitions of secondary streets and the categories of streets will be examined in detail in a later chapter. The questionnaires were then distributed to all of the retailers operating out of the aforementioned streets. The list of such retailers was taken from the 1998 Thoms Directory.

The information obtained as a result of carrying out the semi-structured interviews was extremely valuable, however, the author was of the opinion that the views of the retailers were necessary to present a comprehensive view of the secondary market. Preliminary discussions were held with people who work closely with retailers. Here, the author refers primarily to the DCCBA. The questions were formulated based again on issues that arose during the literature review and also as a result of discussions with the DCCBA. The expert opinions of certain staff within DIT were consulted in relation to providing comments on the questionnaire design and layout. The questionnaire contained 16 questions and comprised a mix of closed and open-ended questions. Due to the nature of the study, and the fact that the aim of the questionnaire survey was to gain the views and opinions of the retailers, the questions were predominantly open-ended.

The DCCBA (Dublin City Centre Business Association) have appointed “Area Officers” to most retailing areas in the City Centre, especially secondary areas. The purpose of the Area Officers is to represent retailers’ opinions in relation to various matters such as waste management, traffic, pedestrianisation, lighting, environmental improvements etc.

An introductory letter was sent to the Area Officer for each street and this was followed by a telephone conversation whereby the officers agreed to give full co-operation in encouraging the retailers to fill out and respond quickly to the questionnaires. A letter of introduction was included with the questionnaire as was a stamped addressed envelope. 350 questionnaires were sent out to the various retailers. A sample questionnaire and introductory letter is set out in appendix C.

From the outset the author had been well advised as to the expectation of a low response rate. “Retailers are notorious for not participating in surveys, so do not expect a high response” (Semi-structured interview, Tom Coffey, 1998)<sup>3</sup>. The response rate was quite low at 20%. The author followed up by means of telephone calls to the Area Officers to try to improve the response rate. The rate did not, however, change. It is important to note, therefore, that the author was fully aware of the potential of a low response rate. Hence the compilation of the report was not, therefore, heavily dependent upon the information obtained. The questionnaires that were returned were comprehensively completed and, therefore, provided a good mix of responses. The opinions provided further confirmation of the preliminary results

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<sup>3</sup> Mr. T. Coffey, Chief Executive, Dublin City Centre Business Association interviewed 6<sup>th</sup> April 1998.

already noted. The retailers that participated in the survey approached it with interest, which was evident by their responses. The responses were manually recorded and then were inputted into an excel spreadsheet. This enabled certain results for example the level of owner-occupiers, private investors and investment institutions to be determined relatively easy. As mentioned previously, as the majority of the questions were open-ended, therefore, statistical computer packages such as SPSS were not used. Many of the retailers returned letters with their completed questionnaires requesting a copy of the report when completed. They explained that it would be an interesting thesis in the context of making conclusions and recommendations as to their future business strategies.

### 1.2.3 Qualitative Research

*“Qualitative research usually results in verbal descriptions and might use quotations from people you interviewed or pictures of things happening”*; (Bailey, Bemrose, Goddard, Impey, Joslyn, Mackness, 1996).

With qualitative research as opposed to quantitative techniques, the research methodology can be subjective as opposed to objective. The interviews were approached on an objective basis; however, in this final report it is acknowledged that there is a personal interpretation based not only on the interviews undertaken but also on the extensive literature, questionnaires and liaisons which took place both in Dublin and London on this topic.



#### **1.2.4 Limitations of the Study**

It is very important at this early stage to acknowledge some of the limitations which were encountered during the course of writing this thesis. A substantial volume of the financial/investment appraisal was supplied by IPD. However, due to the confidential nature of the information, portions of the material could not be divulged because of confidentiality constraints imposed by its subscribing clients. Had it been possible to do so, it would have provided further authenticity to the report and it could have added further important findings in the overall completed thesis.

In particular, in relation to the investment chapter, it was hoped to select a basket of properties from prime and secondary areas over a period of 15 years. It was intended to analyse on an in-depth basis the performance of such investments by calculating overall internal rates of return so that prime retail could be compared directly to secondary retail. Again, this data could not be supplied by IPD due to client confidentiality. Hence, the author recognises the fact that chapter eight could be stronger and thus result in a more comprehensive account of investment performance. Shortage of crucial information was, therefore, a severe limitation to the study.

Another limitation in relation to the study concerns the literature review. An extensive literature review was undertaken and as indicated earlier refers to the overall market and state of the economy in Ireland which undoubtedly has an overall bearing on the levels of investment and performance of the secondary market. As this work is relatively uncharted territory, little of the literature review is directly related to the secondary market. As a result the primary research methods were heavily relied upon to provide material from which this thesis could be compiled. Therefore, by the nature

of the study, the literature review is shorter than perhaps would have been, had more been written directly on the subject. While it can be viewed as a limitation, the author also views it as an advantage to some degree, in that this thesis becomes a new, useful source of information which will be available and perhaps certain parts can be further developed at a later stage by other people.

### **1.3 Thesis Contents & Layout**

This introductory chapter is effectively divided into two sections. Section One sets the scene for the subject the thesis intends to cover. It explains the details as to why this thesis was written. It also establishes the main aims and objectives of the work and explains the methodology that was employed and why such research methods were chosen. Section Two comprises the literature review. It outlines a comprehensive review of all literature of relevance to this topic. It examines past and current trends, establishing a hierarchical structure of the retail market. The chapter also recognises other areas, which have an effect on the retail market as a whole, and more specifically on the secondary retail market.

Chapter Two introduces the reader to the secondary streets of Dublin. It identifies the secondary retailing streets selected for study and by quantification establishes their relative importance to the overall shopping facilities in Dublin. It also analyses these streets, giving descriptions of trends, profiles and patterns which are expanded upon later.

Chapter Three examines in detail what is happening to the retail and related uses on the secondary streets. Is specialisation the only way that they can continue to be

economically viable? This chapter places the streets in the context of shopping with regard to their percentage of total retail consumption and pedestrian flow. It also examines the issue of complementarity. This chapter analyses in-depth the streets and considers all aspects; for example the effects of street traders and also the physical condition of such streets.

Chapter Four emphasises the effect that socio-economic factors have on the streets. It examines the extent to which an increasing city centre population will influence the role of secondary streets in the future and explores the problems that secondary retailing streets encounter as contributors to the local economy.

Chapter Five is primarily concerned with local authority, policy and planning issues affecting secondary retail development in Dublin. This chapter also includes a section on multi-storey car parking and how their future location will have an effect on secondary streets.

Chapter Six seeks to understand Ireland's macro economy and the role it plays in relation to the prosperity of the secondary streets. It also indicates the problems likely to arise should the country experience a downward spiral in the economy. This chapter also details the advantages that secondary streets offer particularly to less well-capitalised businesses. Finally there is a section on the effects that the performances of the prime streets have on secondary streets.

Chapter Seven introduces Town Centre Management (TCM). It examines the concept of TCM and looks at the importance of this practice in the era of the out-of-town centres.

Chapter Eight examines the role secondary streets play in the retail investment property market. It gives an in-depth analysis to potential investors interested in this secondary retail market. There is a comprehensive financial/investment appraisal, which describes the performance of secondary retail property, both in rental and capital value terms.

Chapter Nine draws on the main points of this report. It highlights the most important findings of the study and makes recommendations for the future of the secondary retail market.

## **1.4 The Literature Review**

### **1.4.1 Changing Nature of Retailing**

The Retail Market is a complex, fast-paced sector of the property market which has undergone radical change over the last four to five years. In order to understand the current market trends and be able to predict future trends, it is necessary to examine the changing nature of the retail system over the last thirty years or so. Approximately 35 years ago, Dublin City Centre was the crux of retailing. If people wished to shop, they had to travel to the City Centre. Certain streets, just as is the case today, were prominent areas where money was spent. Following a change in demography and a preference for people to live in suburban locations, retailing began to change. It came about as a direct result of the changing requirements of the population.

### **1.4.2 Suburbanisation of Retailing**

Ireland's first suburban shopping centre opened in Stillorgan in 1966 and thus heralded the era of the suburbanisation of Irish retailing. Ireland was not the only country where this has become a trend, indeed, this trend was mirrored worldwide. The United States and most sectors of Europe had experienced the same trend. The era of the shopping centre emerged and has remained to date. The advantages of shopping in these complexes are well documented. They include:

- 1) Comfortable shopping environment.
- 2) Good, free car-parking facilities.
- 3) An extensive range of services under one roof.
- 4) Easy to access.
- 5) The novelty factor – curiosity encourages shoppers to try the new centres.

Since 1966, the spatial pattern and characteristics of Shopping Centres have changed substantially. The 1980's saw the emergence of the construction of such centres in-town, the main examples being the Ilac Centre and the St. Stephen's Green Centre. The 1990's again witnessed a marked change in shopping centres. The Square in Tallaght (1990) became the country's first regional centre, which has been subsequently followed by The Blanchardstown Centre (1996) and more recently The Liffey Valley Centre (1998). These new "super centres" have forced the older suburban centres to undertake refurbishment and redevelopment schemes. Retailers are driven by change; they simply must change to survive (Semi-structured interview, Tom Rea, 1998).<sup>4</sup>

#### **1.4.3 Decentralisation**

The whole changing process of customer's requirements can be referred to as decentralisation. Parker (1998) identified 4 major stages of decentralisation. These are summarised on the following page.

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<sup>4</sup> Mr. Tom Rea is the General Manager with Clery's & Co. and was interviewed on the 29<sup>th</sup> of June 1998.

1) Convenience Goods	These included mainly grocery shopping. This was the first stage of decentralisation. This would have occurred from the mid-1960s onwards with the opening of the Shopping Centres.
2) Durable Goods	This wave of decentralisation did not occur until much later, beginning in the early 1980s. It involved the movement of DIY and electrical goods out-of-town.
3) Fashion & Specialist	Ireland has been experiencing this third wave of decentralisation at present. As many more suburban shopping centres were under construction and pre-letting has become the norm; outlets other than grocery have established themselves very successfully in out-of-town centres.
4) Factory Outlet Centres & Retail Parks	The fourth wave of decentralisation is the one, which is just beginning to emerge in Ireland. This wave of decentralisation has been widespread across the US for many years. At the moment Ireland has one factory outlet centre under construction Killarney. This is being developed by Green Property Plc. and is due to open later this year. The second factory outlet centre is planned for the Goffs site in Kill, Co. Kildare.

Shopping is now perceived to be a leisure activity. Retailing in the 1990's has changed and has enabled two types of shopping trips to be defined. As Jolly (1995) states:

*'..... the pressure of time on some families has become overwhelming and two new definitions of shopping trips – 'purposeful' shopping and 'leisure' shopping – are beginning to emerge...'*

Purposeful shopping is most efficiently carried on out-of-town and it may include both convenience and comparison purchases in one shopping trip. By comparison, 'leisure' shopping involves a 'day out', 'going to town' – or to the regional shopping centre if there is one – and is predominantly about comfort shopping, browsing, buying treats or gifts, eating and drinking and has a social dimension (Jolly, 1995). Traditionally this would have involved going to the Town Centre which is where the prime and secondary retail areas play a role.

The growth in shopping centre space in Dublin between 1966 and 1998 has been in the region of 464,500 sqm (5 million sqft), (Parker, 1998). The vast majority of this additional retail space has been built in the suburbs. In addition, the average size of a shopping centre has increased from 5,574 sqm (60,000 sqft) to 7,432sqm (80,000 sqft) during the 1960 to 1984 period: this figure is now in excess of 27,870 sqm (300,000 sqft) with the addition of the Jervis Centre and Blanchardstown to the overall retail picture. Forthcoming centres are planned for Swords, Cherrywood and Pyelands. The above centres will total less than 100,000 sqm but again will result in an increase in retail floorspace of the Dublin region.

Little research has been carried out on the retail market, especially on the financial and investment angle. IPD (Investment Property Databank) began development work in the Republic of Ireland in 1993 with leading investors. The SCS (Society of Chartered Surveyors) work closely with IPD in the publication of reports on the Irish market. The first results – backtracked to 1983 – were produced in 1995. Now in its fourth year, the Irish Databank covers over 300 buildings with a total value of IR£ 1.2 million – representing 80% of the total investment market (IPD, 1999). Some of the



larger Estate Agencies, particularly ones with dedicated research departments, undertake private research for their own clients; however, detailed material is almost non-existent. Retail research is confined to one centre at University College Dublin; The Centre for Retail Studies. The many publications, however, are mostly confined to shopping centre space which of course is primarily out-of-town.

#### **1.4.5 Out-of-Town Shopping**

Dr. Anthony Parker in his publication 'The Pace of Change in Retailing' (1990) examines why the market has so dramatically changed. The demography of the country is changing and will have a direct effect on the retail market.

*'The population is getting older which will have implications for health products and hence it enables a market to develop for niche retailers'* (Parker, 1990).

Consumers requirements are changing, as they become more aware of good quality retailing and are rejecting mass markets, which further heightens the possibility for the development of niche retail markets.

The changing nature of the economy has improved standards of living and altered socio-economic factors, which have a bearing on the retail market. Parker (1990), described those socio-economic factors as:

- 1) Change in length of working week – more leisure time.
- 2) An increase in the level of female participation in the work place.
- 3) Job sharing – led to convenience retailing.

#### 4) Decline in overall size of households.

The above factors affect the level of consumer spending, which has a direct bearing on retail sales, which in turn affects the retail market.

Another report 'Retailing: the Rocky Road to Ruin' (1990), identifies how consumer expectations have altered. Customers expect a high quality-shopping environment and as a result there has been a move towards individualism and a greater emphasis on customer services. The focus of the work is on out-of-town developments but City Centres are briefly examined.

*'...In the case of in-town retailing what is emerging as being important is improving the environment of the retail core. This will be done through pedestrianisation, accessibility, improvements in shop fronts and improved signage. The City Centre core should offer a social function and obligation'. (Kyne, 1997).*

The out-of-town centres appear to be performing well in relation to the Town Centres who are suffering. Parker (1990) states:

*' City Centre streets have suffered, particularly on the edges of the retail core. Secondary and tertiary retail streets are unattractive environments. They often serve to access vehicular traffic and downmarket traders. Rental returns are low when compared to prime shopping streets and as a result investment in improving specific buildings and the general environment is limited'.*

The above was written in 1990. Now in 1999, this has altered substantially as the economy has dramatically improved and indeed, the property market has experienced an enhanced performance. It is unfair now to describe secondary and tertiary retail streets as unattractive environments. This will become evident in later chapters.

The future prospects for the Irish Property Market are good as Bruder (1999), states:

*'Prospects for Irish Property are good for 1999 due to:*

- 1) Likely continued strength of domestic economy.*
- 2) Low volume of development activity.*
- 3) Good valuation fundamentals particularly vis-à-vis interest rates.*

The value and performance of properties on secondary streets are indicating a dramatic turnaround for such property. Many are no longer unattractive environments. However, it is recognised that some of the streets still need to improve.

**TABLE 1: Relative Value**

Relative Value

	Sector	Yield	Rent per sqft
<b>Retail</b>	<b>High Street</b>	4%	£170/£220
	<b>Suburban</b>	7%	£40/£70

Source: John Bruder, 1999.

Bruder (1999) links the demand for retail space to the response of retailers to the growth (or fall) in retail sales.

*'Prospects in this regard appear to be good with consumer expenditure (a proxy for retail sales) expected to grow 5.5% in volume terms in 1999'.*

There is a construction time lag involved with retail development and also the Ministerial Directive introduced in June 1998 has effectively halted out-of-town developments which can only be viewed as being positive for the City Centre. Prior to the Directive, over 92,900 sqm (1 million sqft) of further retail space was in the development pipeline and was likely to come onto the market over the next two to three years (Bruder, 1999).

#### **1.4.6 Town Centre Management**

As the heading suggests, Town Centre Management is a comprehensive tool. If designed efficiently and implemented TCM will result in a well-managed and organised Town Centre which will be able to compete directly with the out-of-town developments.

*'Town Centre Management is a comprehensive programme by public authorities, private sector interests and voluntary organisations, which aims to improve standards of facilities, environment, convenience and safety in Town Centres'* (Royal Institute of Chartered Surveyors, RICS).

McIntosh (1997) describes how retailing has evolved including how Town Centres have changed. He details the importance and necessity of TCM in a changing retail environment.

*'Town Centres as locations for intense retail activity, creating traffic problems, road congestion and the need for more car parking space (all implying environmental problems), are relatively recent developments'* (McIntosh, 1997).

The use of TCM in the United Kingdom and United States further consolidates the importance of maintaining our Town Centres as vibrant places to visit, shop and enjoy. As McIntosh (1997) states;

*'Association of Town Centre Managers is primarily seen as a way of maintaining the retail status quo, or even increasing town centre retail activity'*.<sup>5</sup>

#### 1.4.7 Town Centre Retailing

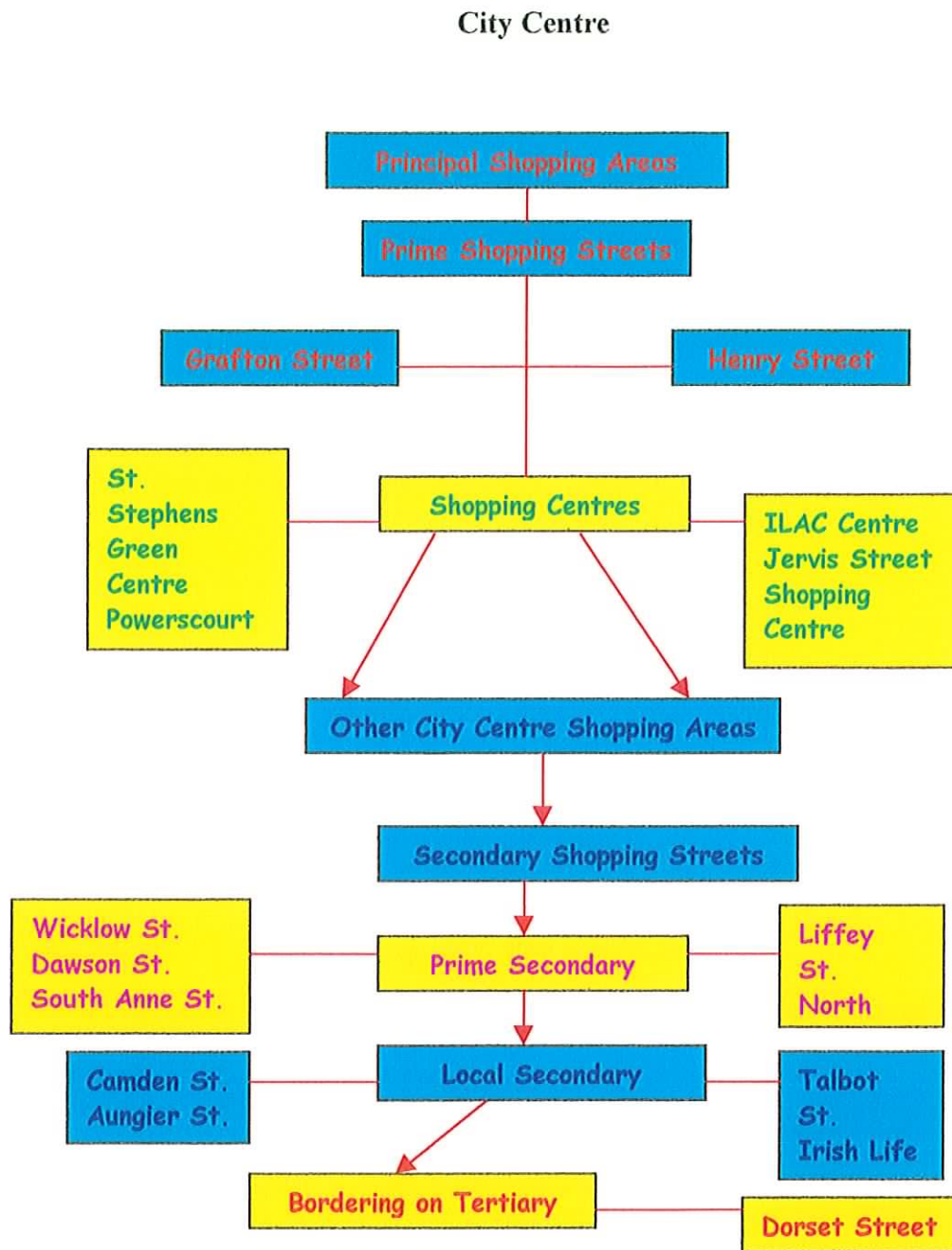
Retailing in the City Centre comprises a concentration of clothing and specialist goods outlets, department stores, the focus of intra-urban transport policies, high pedestrian volume, high Zone A rents on prime streets, premiums and a commitment to Urban Renewal. There exists a hierarchy of retailing within the City Centre. It is one which is quite complex and includes not only Dublin's prime streets but other

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<sup>5</sup> The majority of literature relating to the different forms of Town Centre Management has been published in the UK and USA. In the UK, Boots The Chemist and the ATCM has published most of the literature concerning Town Centre Management. The material is strongly based on the definition and importance of TCM in the current retail market. It outlines the various methods of implementation, details different strategies and advises on the appointment and role of a Town Centre Manager. Literature in the USA, concentrates on other measures of TCM, particularly whether it is possible to implement through various fiscal policies from State to State, an example being the system of BID's (Business Improvement Districts). Irish literature on the subject is specifically related to the three types of TCM structures in operation in Dublin, Cork and Galway.

areas too. The hierarchy is illustrated on the following page. The hierarchy has been compiled by the author as a result of carrying out research into the market over the study period.

Figure 1: Hierarchy of City Centre Retailing



Town Centre retailing is affected by many external forces. Parker (1998) stated that the transport network and mobility are of vital importance to the success of retail formats.

Another text examined for the purposes of this thesis was that of Browne (1997). The work is an overview of retailing within Dublin. It examines the changing hierarchy of shopping and places the secondary retail streets in an overall context. It specifies secondary areas as being an area requiring more research into the financial and investment dimension.

The peripheral role that the secondary retail market plays in the sphere of the overall property market means that there is a paucity of texts specifically based on secondary retail areas. The most useful introductory text to the subject is *International Retailing – Trends & Strategies* (1995). This text acts as a general introduction to the retail market. It considers all aspects of retailing and describes how shopping patterns are changing using international comparisons. Also useful are *The Retail Environment* (1990) and *Shopping Centres and Other Retail Properties* (1996) which both outline the hierarchical structure of the retail market. They describe the important aspects of shopping/retail policy and classify the different types of retail outlets.

A series of additional texts, published by the Urban Land Institute, formed an important supplement in relation to developing the Town Centre in the face of increased competition from out-of-town forces. This includes such texts as *Downtown Retail Development – Conditions for success and project profiles* (1983), *Towns & Cities – Competing for survival* (1997), *Designing the Successful Downtown* (1990).



These texts provide an insight into how to successfully plan and develop City Centre retailing within which secondary streets are playing increasing roles.

*Centralised Retail Management – New Strategies for Downtown (1990)*, outlines the various concepts in relation to managing Town Centres, illustrating various strategies in operation in US Cities. This book has been further updated in a new version *BID's – Business Improvement Districts (1997)*, which is a form of Town Centre Management. The text extensively describes what a BID is, and also how they are implemented and managed. It details case studies on various US Cities, describing the practical application of BID's.

*About Town – Balancing the Issues of TCM (1996)* is an excellent account as to the guidelines for setting up a system of Town Centre Management. The guidelines can be used effectively in the Irish context to set up TCM in various cities and towns.

Texts more peripheral to the subject of the thesis yet found useful by the author include, *Retailing 5<sup>th</sup> Edition (1995)*, *Store 2000 – Trends & Innovations in Global Retail Systems (1993)*, *Urban Planning & Real Estate Development (1993)* and *The Retail Development Process – Location, Property, Planning (1994)*. The above texts provide very useful insights into other factors such as planning, urban economics, transportation, location of retail property and development appraisal, which are issues affecting the retail market.<sup>6</sup>

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<sup>6</sup> In addition to the above texts outlined, the author investigated a larger number of works and articles that could not be outlined for reasons of space, but the above texts served as the most useful and central guides to the planning and research for this thesis. The articles included work from Property Week, Estates Gazette, Business & Finance, Retail Week, Investors Chronicle and various conference papers related to the subject of the thesis.

## **Chapter Two**

# **Establishment of Secondary Retailing Areas & Streets**

## **2.0 Introduction – Historical & Recent Trends in Retailing in Dublin**

Retailing is a very complex, innovative industry. New facilities are constantly being implemented to improve the retail environment for the consumer. As customers' requirements change and evolve, the retail market has to respond. At present the trend is for out-of-town shopping and hence locations within the retail marketplace have changed. Ireland has experienced many new concepts over the past four years in different forms of retailing. The latest trends regarding retailing have already been experienced in the UK, USA and our other European trading partners. It gives Ireland the advantage of being able to learn from their mistakes and hence provide an improved market place for consumers.

Traditionally, the Town Centre was the place to shop and the basic core of retailing activity. Over the last 30 years, however, other forms of retailing have developed. As the Irish economy has developed, the population has become more affluent and wealthy. Improved standards of living are evident and lifestyle changes have had a direct influence on retailing. Suburban living has become popular and the levels of car ownership have increased. Gradually the process of decentralisation has emerged. Grocery outlets were the first to move out-of-town, followed by DIY stores and finally clothing stores.

The first shopping centre in Ireland opened its doors in 1966 in Stillorgan. Recently proposals for planning permission to re-develop the centre were refused. Many local residents objected to the increase in size. Obviously, with a bigger centre and greater amount of car parking spaces, the result is more people, which would result in traffic congestion.

The building of others around the country followed the Stillorgan centre in 1966, such as Northside (1970), Crescent in Limerick (1973), Wilton in Cork (1979) and the City Square in Waterford (1991). Very soon the City Centres began to examine the possibility of building such centres in town. It was almost 17 years later when the first in-town centre was completed. It was the Ilac Centre in Dublin (1981). This was then followed by the St. Stephens Green Centre in 1988 and much later by the Jervis Street Shopping Centre in 1996.

It was not until 1990, with the opening of The Square in Tallaght, that shopping centres began to take on a new dimension. For the first time, leisure was viewed as being an important element for consumers. Restaurants and cinemas began to feature in shopping developments. Architecture and environmental surroundings were issues that consumers suddenly became aware of and hence out-of-town centres became the fashionable place to be. The success of The Square encouraged other developers to follow suit. However, it took another six years before Green Property launched its 27,870 sqm (300,000sqft) first phase of The Blanchardstown Centre. Again, the architecture and layout are very pleasing and the centre has been a tremendous success. The major advantage that the Blanchardstown Centre has over The Square is that it offers a better mix of shops. The most frequently visited outlets in the City Centre are represented in Blanchardstown. Of course, when these centres opened the novelty factor comes into force, as everybody wants to “see what it’s like”.

The Liffey Valley Centre opened in the last quarter of 1998 and is the latest in a long line of shopping developments. This centre is significantly different in that it is the first one in Ireland without a supermarket chain as an anchor. Food retailing is

presently confined to a minor section of the other 'anchor' Marks & Spencer. This is their first experience of an out-of-town location in Ireland. C&A, the Dutch multiple has also taken space. Under the terms of the Ministerial Directive introduced by the Minister for the Environment and Local Government, Mr. Noel Dempsey, in June 1998, the country will not witness such large retail developments in the future.

As already mentioned retail space in the Dublin region has increased by an estimated 69,675 sqm (750,000sqft) in 1998 (DCCBA News, Spring 1999). This is mainly attributed to the out-of-town developments and to the Arnotts extension in the City Centre. The advantages of the new centres are well highlighted and marketed. For example, easy accessibility, the range of shopping, free and secure car parking, offer a wide variety of restaurants and leisure pursuits all under one roof.

Other trends in the retail market have included the development of retail warehousing. In many cases, this is forming the second phase of the regional out-of-town centres. A new concept of the US-type retail format, the Factory Outlet Centre is now emerging in Ireland. Parker (1998) described them as the fourth wave of decentralisation. Green Property is currently developing a factory outlet village in Killarney. Others are planned for Rathdowney, Co. Laois and the Goffs site in Co. Kildare. Many of these larger outlets will present potential problems for the planning system. We must wait to see the outcome of further studies and legislation, due shortly, on retail planning guidelines.

The above represents the historical and recent trends in relation to out-of-town retailing. In-town retailing over the same period has also changed. There exists a

hierarchy of retail areas within the City Centre. Effectively, Dublin has two prime retail streets (Grafton Street and Henry Street), and everything else is secondary. (Exact definitions of prime and secondary retail streets will be examined in a later chapter). The role that secondary streets play is a supporting one to that of the prime streets. The degree to which they perform their role depends upon the category of streets to which they belong. (This also will be defined later).

The Town Centre, as mentioned previously, was historically the core of retail activity. Within the City Centre, the hierarchy of prime and secondary streets has changed over the last 30 years. Grafton Street and Henry Street have become the prime streets, superseding Capel Street and St. Great George's Street, both of which have become more secondary.

The City Centre has been obliged in many ways to undertake refurbishment and re-development so as to be in a position to actively compete with other retail formats and shopping destinations. On the South side of the City, the developments, which took place over the period 1996-1997, have made the street more attractive to younger shoppers. The author is referring to the new Brown Thomas store and also the bigger, brighter Marks & Spencer store.

On the North side of the City, the new retailing activity is very exciting. The Jervis Centre opened in late 1996 and offers a wide variety of leading stores, many of which have not previously taken space in Ireland before. Arnotts undertook a huge expansion and refurbishment programme, during the course of 1997-1998. The results have been an increase in floorspace. The overall floorspace of Arnotts is now in the

region of 27,870 sqm (300,000 sqft). As part of this development programme, a multi-storey car park was included. An important aspect of the expansion is that the store now has an increased frontage onto Liffey Street and Abbey Street, both of which are secondary retail streets.

New developments are planned for the Carlton Cinema site on Upper O'Connell Street and also there is a planning application in respect of the Ilac Centre, which has now become very obsolete in the face of the new shopping centres. Clery & Co. (1941) Plc., has recognised the necessity of changing with the times. A £10 million refurbishment programme of their Lower O'Connell Street store commenced in May 1998 and will be completed by 2002 (DCCBA News, Spring 1999). This store, when purchased by Denis Guiney almost 60 years ago, had a turnover of £1,000,000. Today the turnover for the group is nearly £40 million.

The recent trends have, therefore, been ones of new construction out-of-town centres and of refurbishment and expansion of retail areas within the City Centre. Increasing demand for prime retail space in the City Centre has resulted in large premiums being paid for units on secondary streets, notably Wicklow Street and Exchequer Street. The slow, yet persistent work of the DCCBA Area Committees<sup>7</sup> is gradually creating improvements in the attractiveness of secondary locations. This evolution is most welcome and will in time create a larger retail core in the City Centre made up of many more streets serving a variety of market niches, whilst making the City Centre a most interesting shopping and leisure experience (DCCBA News, Spring 1999).

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<sup>7</sup> The DCCBA appointed area committees for different quadrants of the City Centre. The areas being O'Connell Street, Grafton Street, Henry Street & Mary Street, North Earl Street & Talbot Street, Temple Bar and Capel Street. The Committees are responsible for the co-ordination of retail led City Centre advertising, PR and promotion. They are also concerned with access to the City, security and the environment.

## **2.1 Factors influencing the Retailing Structure**

### **2.1.1 Transport & Access**

Transportation is a crucial factor behind the success or failure of a retailing structure. In simple terms, if customers cannot access the retail environment either by public transport or by car, they will not go there. They will find alternative destinations, which are accessible or they will opt for other retail formats such as catalogue shopping, Internet or TV shopping. One major factor is that shoppers want comfort within the retail environment. They do not want to have to walk far and hence public transport must have stops within retail areas or at least very close by (Semi-structured interview, Liam Kielthy, Parkrite, 1998)<sup>8</sup>.

The same principle applies to the provision of car parking facilities. The success of the Ilac Centre, Arnotts and Brown Thomas car parks are testament to that principle. All the above car parks are located in the centre of town and all have access to a range of shopping facilities within the immediate vicinity. Many people have argued that the increased number of car parks within the City Centre has been the cause of chronic traffic congestion. The overall traffic situation needs to be managed on a comprehensive basis for the entire City. It is clearly established that there has to be a vital upgrade in the public transport system if people are to be encouraged to move from their comfortable cars to using the bus or train.

Parking is seen as a secondary activity, hence inner city car parks are necessary as shoppers will only walk 150-200m to and from their destination (Semi-structured interview, Liam, Kielthy, *ibid*). There must be a distinction drawn

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<sup>8</sup> Mr. Liam Kielthy works with Irish Estates. The author conducted a semi-structured interview on the 16<sup>th</sup> March 1998.



between short stay parkers and long stay parkers. Shoppers tend to be short stay parkers and thus will be willing to pay extra per hour to park close to the retail areas. Long stay parkers tend to be office workers. These parkers tend to be very price sensitive and as a result will use car parks, which are located further out of town. There exists a trade off between price and walking distance.

Out-of-town retailing has benefited enormously from the improvements in infrastructure and roads. The major centres have effectively been built at points along the M50 motorway. This means that the centres are easily accessible within 15-20 minutes of each other and each has a vast catchment population.

Today only a small portion of secondary streets are pedestrianised. The majority are vehicular traffic streets. It is important to understand the extent, therefore, that traffic and access affect these streets. Different opinions and views exist as to the effect on such areas. Whilst many retailers would like pedestrianisation, they understand that in reality, it may have the potential of reducing critical mass in the area. Traffic and lack of accessibility affect secondary streets but not to any greater extent than the prime streets. Secondary streets are benefiting from the substantial volume of multi-storey car parks, which are being located nearby. This should result in an increase in the critical mass and thus pedestrianisation figures in such areas (Semi-structured interview, Mr. Aidan O'Hogan, 1998)<sup>9</sup>.

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<sup>9</sup> Mr. A. O'Hogan, is the Managing Director of Hamilton Osborne King.

### 2.1.2 Catchment Population

Another factor behind the retailing structure is that of the proximity of the retail market to the population. In order for there to be a demand for retail activity, there has to be an adequate population within a close catchment area. Traditionally, Dublin City Centre had a catchment area countrywide. Certain days of the year were known as ones where country people flocked to the City Centre. This custom has changed over the last number of years. The first reason being that many of the other larger Cities outside Dublin, for example Cork, Galway and Limerick now offer nearly the same range of services and shops as are available in Dublin. The second, probably more important reason is that of the development of out-of-town centres. If people do travel to Dublin, in many cases it is just as easy to stop off in Tallaght or Liffey Valley. The advantages of doing so have already been mentioned.

### 2.1.3 Tourism Retailing

The retailing structure in the City Centre is substantially affected by the significant growth in tourism which has taken place, particularly in recent years. Dublin has become a favoured destination for short term breaks. The majority of tourists, who are shopping come from the UK and Northern Ireland. The main contributing factors for this, are of course, the availability of cheap flights coupled with the strength of the pound, have made Dublin a relatively inexpensive shopping destination for UK sterling shoppers.

Expenditure by tourists in Ireland is now estimated to be worth £2.1 billion. Revenue generated by out of state tourists in 1997 exceeded the growth in numbers by +11%. Overseas tourists to Ireland grew by 7% in 1997 to 5 million – the sixth successive

year of growth. In the last decade, tourist visits have grown by 139%. Last year, visits from Britain grew by 10%. These figures indicate that the performance of Irish tourism is still well ahead of European and World averages (Tourism Facts, Bord Failte, 1997).

The Dublin retail market has adapted to recognise the important role that tourism-retailing plays in the overall retail structure. Many specialist tourist-focussed shops have opened and indeed are located on secondary retail streets, such as House of Ireland on Nassau Street, The Kilkenny Shop also on Nassau Street and The Dublin Woollen Mills on Liffey Street, to name but a few.

Tourism retailing is a niche market, which has successfully developed over the years successfully in Dublin. On examination of the facts, which affect tourism retailing, in the past 25 years, the most significant change must be attributed to the development of our product. No longer are we selling second rate or 'stage' Irish product, which did little for our 'International image'; however, this trend is now reversed with the increasing move towards creating a high quality Irish Product for which, they can charge a premium price. The professionalism and quality of the manufacture of tourist merchandise has increasingly evolved to match the increasing demands of our customers (Tourism & The Retail Sector, Clerys, 1996).

Many of our larger department stores, such as Clerys, Arnotts and Brown Thomas have a specific tourist-oriented department. However, tourism retailing is not just confined to the larger stores; some of the secondary streets are also developing and entering into this specialised niche market. Nassau Street, as mentioned previously, is

a prime example of how a secondary street has specialised successfully in a tourist market.

*“Dublin has been on the crest of a wave in the last five years, the Eurovision, the soccer, the Capital of Culture, Temple Bar, our film & music industries and, of course, Bord Failte’s effort have all attracted more and more visitors, and the tourism operators have really got their act together”* (Conlon, 1998)<sup>10</sup>.

Tourism is expected to continue to grow at its current pace and hence will continue to have a beneficial effect on the retail sector. International events, such as the Tour de France and the Tall Ships Race, also serve to promote the image of Ireland and of Dublin in particular.

#### 2.1.4 Urban Renewal & Regeneration

Urban renewal incentives and regeneration have also played a remarkable role in improving the City Centre. Many of the secondary areas have been improved and revitalised through residential change. This has led to an influx of people into the City Centre, which in turn has created the demand for shopping in many of these areas. Convenience shopping has grown substantially. Over the last five years, the City Centre has experienced an increase in the level of Centra and Spar supermarkets. Between 1971 and 1991, the resident population of the area in Dublin between the canals fell by 55,000 from 131,500 to 76,500. With the demise of a vibrant local population came an inevitable slump in local retailing, particularly around the North Inner City around the Quays and Dorset Street.

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<sup>10</sup> Mr. Ciaran Conlon is a Research Director with Dublin’s Chamber of Commerce. Quote taken from a newspaper supplement with the Irish Times on tourism in 1998.

Since 1991, the tables have turned somewhat. Between 1991 and 1996, the population of the North Inner City increased from 38,700 to 43,600, while that of the South Inner City grew from 37,800 to 46,100. In other words, the population between the canals has increased by over 10,000 to 86,600 in five years. It is continuing to grow. As a result, at least 12 new convenience stores have opened in Dublin's City Centre. Location is a key factor in any retailing, especially food retailing. These retail outlets have developed as a result of the demand for them. The traditional corner shop has therefore changed over the years. What is important to realise is the fact that the customer has changed. Customers now demand a high quality retail environment (Kitty Holland, Irish Times, October 14<sup>th</sup> 1998). Undoubtedly, some of the local type secondary streets have benefited from this revitalisation.

## **2.2 Identification & Definition of Secondary Retailing Streets**

There is a lack of stated definitions of secondary streets. Prime retail property is easily identified and defined. It is the area, which is commanding the highest rents, premiums and generally the units are of a good quality. All of the units are occupied by international as well as national multiple traders and department stores, who can easily afford the space. Generally, after prime property has been identified, everything else can be regarded as secondary or in some cases even tertiary. The Dublin retail market is quite small. The prime streets are Henry Street and Grafton Street. The secondary streets have been improving and hence form a substantial part of overall shopping.

The classification of streets can be related to the rents that the units are receiving (Semi-structured interviews, Stewart Harrington, 1998)<sup>11</sup>. Grafton Street, for the last number of years has been commanding rents of c. £2,153 per sqm (£200 psf), Zone A. These are the highest retail rents in the country. It is possible; therefore, to relate to other Zone A rents for retail properties on different streets to determine how they are performing. Zone A rents for units on secondary streets are averaging between £431 per sqm to £538 per sqm (£40 to £50 psf), with some units achieving up to £646 per sqm (£60 psf). On average the rent for a unit on a secondary street is approximately a quarter of the average Zone A rent on Grafton Street. While this may seem insignificant it has to be examined against the background of the major differences between secondary and prime. Obviously the prime areas enjoy advantages such as higher pedestrian flows and better quality units.

Pedestrian flow figures is another way in which streets can be classified by their nature i.e. the fact that they are not pedestrianised means that they are unlikely to have a high volume of pedestrian flow, at least not to the same level as the prime areas. Secondary streets have a pedestrian flow of approximately 700 per hour (Semi-structured interview, Mr. Tom Coffey, 1998). Pedestrian flow figures for Grafton and Henry Street are substantially greater. Figures published in July 1998 illustrate massive differences in pedestrian flow. For example, pedestrian traffic on Henry Street shot up in June by 65% on the same period last year. On one day alone, an average of 20,000 people an hour were recorded using Grafton Street, a jump of 50% on last year. It is also important to consider the extent to which the shopping centres

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<sup>11</sup> Mr. Stewart Harrington is the Managing Director with Dunloe Ewart Plc. A semi-structured interview was carried out with the aforementioned on the 5<sup>th</sup> of June 1998.

fare in relation to pedestrian flow. The City Centre will always have the advantage of critical mass. Parker (1990) refers to the fact that pedestrian volumes in City Centres are difficult to match in out-of-town centres. Furthermore, there is also the advantage of capital investment tied up in building stock, which means that many groups of capital providers have a vested interest in seeing the City Centre succeed as a shopping environment. In this context, Town Centre Management initiatives are becoming all the more important.

Catchment population is also another way in which streets can be defined. It is probably the best way of defining the hierarchy of secondary streets. The prime streets will attract the population from the whole of the Dublin region and the country and also a high percentage of the tourist trade. Secondary streets tend to have different catchment populations. For example, Camden Street can be regarded as a local type secondary street. Due to the nature of the outlets therein, it will be people from the surrounding areas who will shop there. Very few people living outside Dublin City Centre would specifically travel to the street to shop there. The majority would perhaps walk through en-route to Grafton Street.

From the above information secondary streets can be described as follows:

**Prime Secondary:** these streets are at the top of the secondary retail hierarchy. They represent streets which are commanding the highest rents within the aforementioned hierarchy.

The units are selling at prices close to £1 million. Indeed, some of the streets contain outlets which currently are only beginning to open on prime streets. Examples of such streets include Wicklow Street, Nassau Street, South Anne Street and Dawson Street.

**Local Secondary**: the majority of shoppers are from the local catchment area. Many of such streets have street traders and more local shops offering a whole range of goods and services but certainly not multiple traders. The streets form a social function for the local environment and thus include the likes of Camden Street, Talbot Street and Thomas Street.

**Bordering on tertiary**: this third category is more difficult to define and perhaps involves moving towards the suburbs. They are streets, which were once good secondary streets but failed to respond to changes and hence slipped down the hierarchy. Dorset Street is a good example to cite. Prior to the opening of the Ilac Centre in the early eighties, Dorset Street was a thriving secondary shopping environment. However, when the shopping centre opened, the retailers did not change to compete with the new centre and, therefore, it got left behind as people opted for the brighter centre.

Retailers need to respond continuously to changes in order to survive. City Centre retail streets have suffered but they have responded to changing trends. Secondary streets also have to react in the same way. Parker (1990) referred to the fact that in larger cities, changing geodemographics can substantially alter the local market in such secondary locations. This indicates that there is great potential for the further enhancement and development of secondary areas.

In London, many of the secondary streets have units, which have dead frontage i.e. mostly banks and building societies. Due to certain policies by the banks, many of



these premises have been sold and the units have been turned into bars and restaurants. A niche area of the market has been developed for such streets and the response has been very positive. Other trends which have emerged have been, when certain shops have been forced to close down, many of the buildings have been listed buildings and have been converted into extremely attractive shopping centres. This has also taken place in Dublin with the building of the Jervis Street Shopping Centre on the site of the old Jervis Street hospital. More recently Dunnes Stores unveiled plans for its new headquarters on South Great George's Street. The £20 million development, which this group are planning for the street, will cover up to one-third of the entire frontage on the West Side of South Great George's Street, running from Stephen's Green towards Dame Street. As part of this 23,225 sqm (250,000 sqft) development, more than 60% of the facades are intended to be retained and nothing of any architectural or historic interest will be demolished (Irish Times Article, August, 1998).

### **2.3 Differentiation of Secondary Streets**

As a result of the retail market performing so well, based on our economic performance, all forms of retailing are doing exceptionally well. As Mc Laurin (1988) stated: *"If retailing is simply a reflection of economic activities, then it will be economics (determined at national level and applied to the shopping basket) that will decide what retailing becomes"*. Retailing has become more global and in fact Dublin's two prime streets, Grafton Street and Henry Street have moved up the spectrum and this 'shift' has enabled some of the "prime secondary" to become prime streets in their own right. Secondary streets are, therefore, doing very well. This has mainly resulted from the overspill from the prime areas. The pitch is changing rapidly

and shifting as good retail investment is in short supply (Semi-structured interview, Mr. Fintan Tierney, 8<sup>th</sup> of June 1998)<sup>12</sup>. This would appear to indicate that secondary streets, albeit over a period of time, do have the opportunity to upgrade to prime status; however it must be remembered that there are obstacles and, therefore, it does take a considerable time.

There is a distinct possibility of streets moving up the ranks of secondary status, particularly in times of economic prosperity. This is noticeably taking place in the property market context at present. Many of the streets are specialising and creating a niche market for themselves. Since the UK multiples have taken space in the major prime areas, they are creating property values of their own and increasing property values that already exist. As a result the smaller independent retailers are being forced to consider their position, as they will not be able to continue paying the high rent. They will be forced to find another location in the proximity of their existing location. As a result, many well known retailers and major players have settled in secondary locations because they could not afford to pay the increased rents in prime areas (Semi-structured interview, Mr. Charlie Costello, 1998)<sup>13</sup>.

Secondary streets have undergone structural changes over the last number of years, which is very important in analysing their performance. There have been changes in levels of rent, yields and capital values. Some secondary streets are performing better than other and have greater potential (Semi-structured interview, Mr. Michael

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<sup>12</sup> Mr. Fintan Tierney is a Director with Lambert Smith Hampton. A semi-structured interview was carried out with the aforementioned on the 8<sup>th</sup> of June 1998.

<sup>13</sup> Mr. Charlie Costello is the Property Manager with Superquinn. A semi-structured interview was carried out with the aforementioned on the 17<sup>th</sup> of July 1998.

Harrington, 1998)<sup>14</sup>. There is definitely a consolidation within the property industry that it is those streets, which belong, in the prime secondary category that will perform better and have a brighter future. The best secondary streets are those which are adjacent to the prime.

#### **2.4 An Analysis the evident trends, profiles and patterns on secondary streets**

The improvement in the economy coupled with the robust performance of the retail market has had the effect of changing the trends in secondary areas. The profiles and patterns on secondary streets have changed enormously, although it is necessary to examine these cyclical changes in the context of the type of secondary streets. In a questionnaire survey carried out for this thesis, it is evident that many investors view secondary property as a good form of investment. Approximately c. 34% of units are owner occupied and private investors own c. 42%. Many of these units have only been existence between five to ten years. Approximately 26% of units fit into this category. This can be viewed as being a reflection of the good performance of the economy over the last five years. Approximately 45% of the retailers surveyed felt that, the performance of the economy has had a positive increase on the level of trade. This is certainly an indication of the improvement of the streets. (Questionnaire Survey, Author, 1998).

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<sup>14</sup> Mr. Michael Harrington works in the retail department in Palmer McCormack. A semi-structured interview was carried out with the aforementioned on the 16<sup>th</sup> of July 1998.

**The following is a summation of recent trends in the evolution of secondary streets in Dublin:**

1.	Increasing demand for units on secondary streets especially from private investors. This will further strengthen, since the publication of the Bacon Report as funds are diverted from the residential market into the commercial market.
2.	Increase in rents. This is particularly evident for the prime secondary category. Rents can be as high as £560 per sqm (£52 per sqft). (Further examples are illustrated by the rent table in chapter eight).
3.	Increase in capital values. An example of this is 47/48 Lower O'Connell Street, where in May 1998, the freehold interest sold for £2.5 million.
4.	There has been a return to the practice of the payment of premiums or key money. Premiums are common in prime retail environments, however it is only recently that units on secondary streets have demanded premiums. A £200,000 premium was paid in June 1998 for the freehold interest in number 15 Wicklow Street.
5.	Secondary streets are changing constantly both in terms of quality of outlets and shoppers perception of the streets.
6.	The streets will continue to thrive, provided that this economic phase continues. Prime secondary streets have good scope for prosperity.
7.	Many of the secondary streets are specialising in the form of quasi-retailing.
8.	There has been the development of niche markets for example: tourism retailing.
9.	Over the last four to five years, there has been the polarisation of secondary streets. Grafton Street and Henry Street have been transformed into major shopping streets and these two streets have extended outwards to include the likes of Mary Street and South Anne Street, both secondary streets.
10.	There will always be retailers, who cannot afford prime locations. Secondary streets will always have a role to provide. Many of the major UK multiples have come into the City Centre, created property values of their own and have consolidated values that already existed. The result has been to force the independent retailers to find locations close to their existing location but off the prime pitch.
11.	Secondary areas do have the ability to become prime; retail movement and economic performance drives the market.

## **2.5 An Examination of how the streets have changed over the years**

Undoubtedly, the majority of secondary streets have improved significantly over the last five years. This is attributed to the factors mentioned above. One of the factors, which has substantially improved the areas, is that of the renewal projects undertaken by Dublin Corporation. The general consensus on these projects is that they substantially improve the environment of the area. Urban Renewal can be viewed as very good for the enhancement and future viability of the street! (Semi-structured interview, Tom Coffey, 1998).

**Talbot Street** has received a positive reaction as a result of the undertaking by Dublin Corporation of such a renewal project on the street. From an environmental aspect, the street has dramatically improved with the implementation of traffic-calming measures and restricted car parking. It must be recognised however, that it is a gradual process and there needs to be commitment between all parties to implement them.

The Integrated Area Plan, which has been prepared for **O'Connell Street**, will definitely improve the area and should consolidate the North Side of the City as a premier shopping environment. The quality of the retailers will be of the utmost importance (Semi-structured interview, Mr. Bill Kelly, 1998)<sup>15</sup>. Currently, O'Connell Street does not have a good mix of uses, and this is one of the critical factors, which is defining people's negative attitude to the street (IAP, O'Connell Street, 1998). At present, land-use in O'Connell Street has taken the form of fast-food restaurant, banks, convenience and discount stores. A negative perception in terms of location

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<sup>15</sup> Mr. Bill Kelly is the Director of Marketing at Arnotts. A semi-structured interview was carried out with the aforementioned on the 13<sup>th</sup> of July 1998.

and market investment has resulted in a proliferation of uses inappropriate to a main street and civic thoroughfare (IAP, O'Connell Street, 1998). The proposals for the Millennium Mall should inevitably prevent Upper O'Connell Street from declining further. The multi-storey car park, which is to form part of the scheme, will not open until 11am. The idea behind the late opening is to deter office workers from being able to use the car park, thus contributing to further traffic congestion in the City Centre. It is hoped, therefore, that the car park users will be mainly shoppers, who as mentioned previously are short stay parkers.

Secondary streets have changed to meet the requirements of consumers. Wicklow Street is a good example of how well a secondary street can perform. This street over the last six years has attracted many quality retailers such as Angel, Kookai and Morgan to name but a few. Prior to the opening of such stores on Wicklow Street, the majority of such retailers occupied space on a concessionary basis in the larger department stores. All of the above-mentioned stores are very successful and popular fashion retailers, who occupy space on London's Oxford Street. The fact, therefore, that they are occupying units on some of Dublin's secondary streets, is an indication as to how much the secondary streets have improved. When the public's perception of streets change, it contributes enormously to the upgrading of such streets.

**South Great George's Street** appears to have opted for the quasi-retailing nature. The street has become known for quality restaurants, bars and cafes. As it has developed these activities, it has become in actual fact a prime street in its own right. During the 1960's, South Great George's Street was a prime retail street; the closure of Pym's department store led to its decline but it now appears to have found a niche in

the market and is performing extremely well. The success of the streets above can be attributed to the exceptional performance of the economy. The performance of the prime retail market has also been a contributory factor, as the secondary streets have benefited from the over spill from the prime areas. Good retail investment is in short supply, hence retailers will be forced to opt for secondary locations and inevitably investors will follow.

## **2.6 The importance of secondary streets in the overall context of shopping in**

### **Dublin**

In recent years, these streets have begun to play an increasingly important role in the context of overall shopping in Dublin. The significance of their role relates, however, to the category of street to which they belong. If one examines the prime secondary category, it is easy to realise and indeed has been mentioned before, that they play an important role in supporting the prime shopping areas. As mentioned earlier, they are performing so well because of the overspill from the prime areas. While shoppers may not specifically travel to the City Centre to shop on 'prime secondary' streets, they are bound in the course of their shopping trip to visit some of the shops on some of the secondary streets.

**Nassau Street** is a good secondary street and specialises in tourism retailing. Many of the outlets are small, selling typical Irish products such as Waterford Crystal, Aran sweaters etc. The Kilkenny design store also, is a major department store, specialising in various Irish products and is a regular stop-off for both Irish and foreign tourists. It is correct to say that Nassau Street contributes significantly to shopping. South Anne Street, which is another prime secondary street, has specialised in quasi-retailing activities and small exclusive boutiques. Quasi-retailing takes the form of restaurants

and cafes. The street is, therefore full of vitality, which provides shoppers with a range of choice when they stop for lunch/dinner or just a light snack. The majority of these secondary streets i.e. those, which comprise Category A, play similar important roles in a supporting nature for prime shopping areas. In many cases retailers opt for a secondary location, therefore, it ensures that they only get the customers that they require (Questionnaire Survey, Milano's Restaurant, Dawson Street). Outlets on prime streets can attract undesirable clientele. A secondary location ensures that an element of personal goodwill will be built up and hence customers will go out of their way to return to a specific outlet.

Category B secondary streets play a different role in the context of shopping. Their function is much more of a local nature, but just as important. Camden Street, Thomas Street and Talbot Street are some of the more vibrant, in terms of Category B streets. The majority of shoppers to these areas are local shoppers, who live within walking distance or a minute or two by bus. The types of outlets on these streets testify exactly to their 'local' nature. Camden Street is a good example. Many residents from local communities would use this street specifically for shopping. The volume of butchers shops, fruit & vegetable stores and discount stores are signals of the types of customers that Camden Street attracts. There are many market (street) traders on the street, which perhaps is a reminder of Moore Street. These stalls sell everything from fruit, vegetables, chocolate, fish and cleaning materials. So while a shopper, who lives in the suburb travels to town, they would never specifically target Camden Street as a shopping destination, the local community, however, use it as their shopping environment. They would treat it much the same as a suburban dweller would treat their local shops. In the context of shopping, Category B streets are important in so far



as the choice and variety, that they offer to the local customer. They can be viewed as playing a vital role to the local community, albeit at a different level to Category A streets.

Category C streets again would have a role similar to Category B. Many of these streets have diminished in importance. Dorset Street is a good example to cite. Dorset street during the late 1970's was a thriving secondary street; however, it failed to respond to changing trends. When the Ilac Centre opened in the early eighties, it appeared to signify the decline of this street. As Category C streets become more aware of trends in the market and what is required of them, their role should change further. Provided retailers acknowledge the changes and can do something in anticipation, secondary streets will contribute enormously to shopping within the City Centre. Ultimately, secondary streets will always have a role to play in the market, as there will always be retailers who cannot afford high rents in prime pitches and will be forced to settle in secondary locations. The degree to which they improve their status will be dependent upon the changing retail market and retailers anticipation and responses.

The market is cyclical and all types of retail areas need to keep abreast of new developments and requirements. While economic performance is a crucial factor in determining the success of retail areas, retailers need to change to ensure that they are always one step ahead.

## 2.7 A Comparison of the main trends in the direction of retailing on secondary streets with those in existence on prime streets

As both sections of the retail market have been performing very well, there are certain trends that are attributable to both the prime and secondary retail markets. These can be summarised as follows:

### Main Trends

Prime Streets	Secondary Streets
1) Zone A rents range from £1,839 per sqm to £2,153 per sqm.	1) Zone A rents range from £269 per sqm to £592 per sqm.
2) General increase in rents in prime areas.	2) Substantial increase in rents, particularly for prime secondary.
3) Increase in capital values. In excess of £2 million is common.	3) Increase in capital values. Good secondary units are selling for just under £1 million.
4) Premiums are in the region of £300,000 - £400,000.	4) Premiums are in the region of £100,000. This return to the payment of premiums has occurred in the last two years.
5) Generally good rental growth.	5) Rental growth increases of up to 75% over five years.
6) Large, good quality buildings.	6) Building stock tends to be of an inferior quality in comparison to the prime streets.
7) Yields as low as 4%.	7) Yields are falling c. 7-8%.
7) Irish, UK & US multiple retailers.	8) Independent fashion retailers. There is a move towards European multiple retailers.
9) Shortage of prime retail investment.	9) Good supply of investment. Secondary streets are benefiting from shortage of supply in prime market as investors are diverting funds into the secondary market.

8) Institutional investors drive the market.	10) Private investors drive the market.
9) No evidence of specialisation in market.	11) Quasi-retailing and certain streets are specialising.
10) Generally good use of upper floors.	12) Majority of upper floors are vacant or used for storage.
13) Pedestrianised streets.	13) Pedestrianisation is limited.
14) None of the prime areas are designated.	14) Some of the streets have designated status.

In conclusion, for the purposes of clarification the author has drawn the following working definition of a secondary retail street. A secondary retail street is a street that is not prime, located either just off the prime pitch or closely, whose function is to provide retail outlets for average traders (as against multiple) at more affordable rents. To a large extent they are not pedestrianised and are beginning to specialise in quasi-retailing.

## **Chapter Three**

### **The Secondary Streets**

### **3.0 An analysis of some of the main secondary streets, including an examination of the retail and functional mix of units on such streets**

In order to undertake a detailed analysis of the main secondary streets, the author was of the opinion that the best way to extract the information to analyse, was by means of a questionnaire survey. Questionnaires were prepared and distributed to retailers operating out of secondary retail locations. Seven streets were chosen as being representative of streets within the different categories of secondary streets. The streets chosen were as follows:

- Talbot Street
- Capel Street
- Wicklow Street
- Nassau Street
- Dawson Street
- South Anne Street
- Camden Street

The questionnaires were sent to all retailers on each street, which included pure retailers and quasi-retailers. A total of 350 questionnaires were distributed via a postal survey. The response rate was quite low at 20%. The author was not heavily dependent upon the results of the questionnaires and the replies were a further consolidation of facts that had already been discovered through the semi-structured interviews and secondary research. As previously mentioned in chapter one, the response rate was expected to be relatively low and hence any material provided by the survey can be regarded as a bonus.

From the replies received, they were evenly distributed across the chosen streets and thus the material gained was very informative and useful for the purposes of compiling this chapter. The results from the survey give a good indication of the eight functional categories of units.

**TABLE 2: Functional Categories**

SECTOR	PERCENTAGE of USERS
	50.9%
Services	17.7%
Specialist	14.5%
Menswear	4.8%
Furniture	1.6%
Hardware	4.8%
Household	1.6%
Electrical	4.1%
Other	

From the above table, it can be noted that the highest percentage of outlets are involved in services. The services sector includes cafes, restaurants, newsagents and chemists. The fall in the percentage of menswear outlets on secondary streets is a new trend (Hughes, B., 1998, preliminary discussion). Typically menswear only outlets tended to locate in secondary areas, perhaps indicating that ladieswear outlets occupied the prime areas. The results of this questionnaire indicate that presently there has been a reduction in the number of menswear outlets and hence there are just as many menswear as ladieswear outlets on prime streets; a quick walk down Grafton Street or Henry Street will confirm this fact. The results would indicate that the profile of the male shopper is altering. It may be as a result of the changing population structure. Ireland now has a high proportion of young people who demand a good quality shopping environment.

In relation to Dublin's secondary streets, there has been an increase in the volume of specialist retailers in recent years. This is particularly evident in the case of Nassau Street. Secondary retailers are identifying 'niches' in the market. Of the 4.8% attributed to furniture, the majority of such outlets are located on Capel Street. This provides evidence of the degree of specialisation of some of these streets.

Traditionally, there has been a myth associated with secondary retail property. The majority of people interviewed for the purposes of this research believed that there existed a perception that there is always a high turnover of tenants on secondary streets. Insecure tenant covenants is a risk to potential investors and hence will be a deterrent to investment. From the results of the survey, however, it appears that it is no longer realistic to make the above assumption or to generalise as regards secondary

streets. Many of the retailers have been trading in their present locations in excess of 50 years.

**TABLE 3: Length of Time in Existence in Present Location**

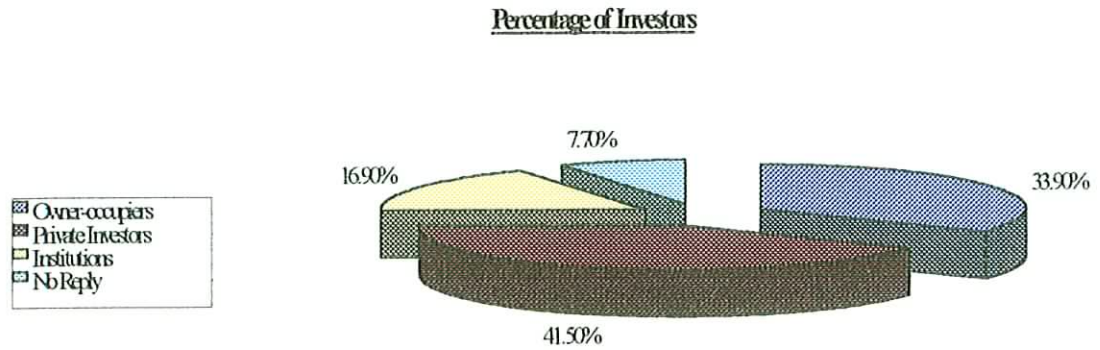
TIME FRAME	PERCENTAGE
Less than 1 year	3%
Between 1 - 5 years	16.9%
Between 5 - 10 years	26.2%
In excess of 10 years	53.9%

Of this 53.9%, a substantial portion of the retailers, have been trading in their current location for over 50 years.

The influx of British multiples in recent years have tended to settle in outlets on the prime streets. If the UK experiences an economic downturn, it will become too expensive for these retailers to stay in business and hence many will be forced to pull out. This has happened in the 1980's, for example where BHS, on O'Connell Street retreated to the UK. If this re-occurs on a large scale it would result in a substantial volume of tenant turnover. Investors should also be cautious when analysing potential prime sites for investment.

Typically, units on secondary streets were deemed for the most part to be owner-occupied. The results from the survey illustrate the increased proportion of private investors actively involved in the market. Of the replies received, 33.9% of the units are owner-occupied, 41.5% are owned by private investors, 16.9% are owned by investment institutions and 7.7% failed to complete the question. Over the next two to three years, there should be an increase in the level of private investors in the secondary market as a result of the Bacon Report<sup>16</sup>. There should be a diversion of funds from residential property into the commercial market and secondary retail property should become a prime target, particularly in terms of size of investment because prime retail property requires large funding (£2 to £3 million on Grafton Street).

<sup>16</sup> The Bacon Report, published in 1998, eliminated the tax advantages to private investors on residential property.

**FIGURE 2: Category of Investors within Dublin**

Source: Results from questionnaire survey compiled by author, 1999

### 3.1 The Physical Conditions of the buildings and how it impacts on the secondary streets

The quality of the buildings on secondary streets are not at the same level as buildings in prime areas. This inferior quality certainly does not enhance or alter the perception of shoppers and investors of secondary areas. The streets suffer from heavy traffic congestion, which has a harmful effect on the quality of the environment. Environmental improvements have been slow to be implemented. This is set to change as a result of the committees set up by the DCCBA. Factors such as the above do have a negative impact on secondary areas. Some streets, however, are managing to utilise upper floors to a greater degree, which enhances the overall physical appearance of the building.

Talbot Street is unfortunate in that it lies within an area, which has always had a high percentage of crime. Many of the retailers find that the cost of maintaining their property to a high standard is simply not a viable option for them. While the ground floor shop will be maintained, it begins to get too expensive when windows from upper floors are constantly broken.



There is inadequate use of such upper floors at present, which is a problem that needs to be explored. This is a trend mirrored on all streets. The South side of the City has been more successful in achieving an intensification of use of upper floors. The majority of such upper floors are being used as office accommodation. The results from the questionnaire survey are summarised on the following page.

**TABLE 4: Use of Upper Floors**

USE	PERCENTAGE
Storage	20 %
Offices	55 %
Residential	17 %
Vacant	8 %

There is scope for fully utilising the 8% vacant space. In many instances the upper floors are ideal for residential development, which currently only accounts for 17%. There is also the possibility of converting some of the 20% used for storage into office accommodation.

As mentioned above there are differences between the North and South side of the City. The South side has successfully transformed upper floors into offices and there is a demand for them. In a semi-structured interview with Mr. Tom Coffey, he explained how it took two years for the DCCBA to move to offices on Dawson Street. In this instance they were moving from just one side of the street to the other. It is an indication, therefore, that there is a substantial demand for office space in the area.

Some streets were designated for Urban Renewal incentives during the early part of the 1990's. Capel Street was one of the areas chosen as a designated street. As part of the scheme, the 'Living over the Shop' concept was introduced. It was envisaged that it would dramatically improve the intensity of the use of upper floors. However, its success was very limited. The fact that only 17% of upper floors are now in use as residential confirms the limited success of the scheme. *"There needs to be a more consolidated approach to making greater use of upper floors. The 'Living over the*

*Shop' scheme was not effective enough as it did not apply to all streets. There needs to be a vision and a strategic management policy for the City". (Coffey T. 1998).*

The physical size of the buildings will also have an impact on the streets. Many of the properties are too small to attract large space users (who are the multiples). In order to overcome the problems, potential investors would need to purchase such buildings in lots. For example two or three buildings beside each other could be purchased and transformed into a single unit, which would then attract the large space units. This is a trend which will emerge over the coming years.

### **3.2 The Effects that Street Traders have on Secondary Streets**

Street trading can have positive and negative impacts on retail areas. If there is a demand for street traders from customers then they can have positive spin-off effects for the surrounding shops. When people make their purchases from such traders they may visit the shops and thus increase the level of retail activity in the whole area. This is a very generalised statement and, therefore, an analysis of a particular area is required, to examine the overall effect of street traders on retail environments.

Moore Street in Dublin is known country-wide for its tradition for street trading, ranging from fruit & vegetables to flowers. Many people travel specifically to purchase their goods from street traders while in town. This thriving business indicates good demand and hence ought to be positive for the surrounding environment. However, a closer examination of the streets indicates that whilst there are 100 pitches available on Moore Street, currently only 40 of them are in use. Hence, the level of demand is put into perspective. Some of the negative aspects of street trading are usually obvious. Poorly maintained stalls and litter contribute unfavourably to the environment, which alter customers' perception of the area and deter them from shopping there. Furthermore in terms of public hygiene the sale of consumer perishables, including fowl, has been the subject of a recent clampdown by the Local Authority. Licences to trade are not being renewed or, are being made subject to strict conditions.

In relation to Moore Street, one of the blatant factors is that of the vacant units in the Ilac Centre along the Moore Street entrance. All of the units are vacant and have been for a considerable length of time.

Camden Street is another secondary street where street trading takes place. The street is quite wide but generally is heavily congested due to the fact that it is a major traffic artery in and out of the City Centre. The street traders cause somewhat of an obstruction along the busy footpath and are a deterrent to potential shoppers. Consumers now demand comfort when shopping and do not want to be hemmed in along a footpath. If people have negative experiences in certain areas, they simply will not return. The overall trading potential of the area is curtailed.

It is probably the volume of litter left behind, which fosters negative perceptions in relation to retail environments. The whole issue is of a very sensitive political nature. If we stop street trading, people will lose their jobs; hence it is one that needs to be addressed on a diplomatic basis. It will be argued, of course, that the traders add to the overall character of the streets and there is also a certain tradition associated with the culture of street trading in Dublin, celebrated in its 'Molly Malone' anthem.

What is needed is a system, whereby people can maintain their jobs and market stalls but in an efficient, organised and clean environment. The pitches and stalls need to be upgraded to ensure that the area is environmentally attractive as well as productive. An enclosed market area, where there are proper means of cleaning and litter disposal afterwards would generally be acceptable. This would encourage people to shop there and would have a positive effect on the surrounding area.

Street trading must of course be distinguished from illegal trading. This is a licensing issue which affects prime areas to a greater degree than secondary. It can be successfully monitored and administered by Town Centre Management in conjunction with the police and Local Authorities. Indeed, the Henry Street/Mary Street Partnership has been successful in combating illegal trading through the introduction of CCTV.

### **3.3 Concept of a Specialised or 'niche' market for secondary streets**

With the increasing level of competition within the retail market, it has become necessary for retailers to be able to identify gaps or niches in the market. If something distinguishes one street from another, customers will visit out of curiosity. The outlets on prime streets will have the capital to undertake refurbishment schemes and reinforce their share of the market. Secondary areas however have begun to realise that there are niches in the market, which they can successfully exploit. Many secondary streets have become well established as providers of certain market niches.

Quasi-retailing has been a critical factor in returning the vibrancy to some areas. South Great George's Street and South Anne Street have become known for their quality restaurants, cafes and bars. As mentioned earlier, shopping has become a leisure activity: therefore when people visit the City Centre, they want to be able to take time out for a coffee or lunch. The above streets are close to the main shopping areas and hence play an important role therefore as part of an overall shopping trip.

Other streets have identified other niche gaps in the market. Nassau Street, as previously mentioned, is specialising in the tourist trade. Capel Street has transformed its image into one of furniture and hardware stores. Liffey Street plays a strong supporting role for the Henry Street/Mary Street area. Two of the largest stores in the area, Anrotts and Marks & Spencer, have a substantial frontage onto Liffey Street. Their presence helps to create an improved image for the street and also enhances their pedestrian count.

There are various views as to the optimum level of speciality on secondary streets. Many of the professionals interviewed and shop owners who responded to the questionnaire survey believed that specialisation is the key to their future. If retailers can identify a void in the market and respond to customers changing requirements, they will be well placed for the future. It is important to realise that specialisation will only last profitably for as long as customers demand it. For example if in five years time, it is no longer a trend to dine out or if there is a dramatic downturn in the economy. This would result in people having less money to spend and less leisure

time. Under such conditions South Great George's Street and South Anne Street could be expected to decline. 'Niche' specialisation cannot be looked upon, as the only way secondary streets will continue to do well. Other solutions must also be recognised and examined. *"Speciality has become an important issue for secondary areas. Secondary streets have tended to specialise over the last few years; however if they continue it will lead to a declining market. Their future is dependent upon landlords drawing together large space users in terms of generating footfall. This will lead to increasing values and revitalisation of streets"* (Semi-structured interview, Charlie Costello, 1998).

It is a difficult task to predict what the correct balance for secondary streets is. Each of them perform very different functions and hence it would not be appropriate to generalise. It is fair to say that it depends on the category to which each street belongs. At present some streets are specialising, some are not and yet both appear to be performing well. Their future fortune will depend upon the strength of each individual street and their ability to survive in the face of increased competition without specialising. There is no set formula. It will depend on the streets themselves and their ability to innovate with their customers.

Specialisation can also have advantages as well as disadvantages. It is an advantage from the point of view that if the street can build up a reputation for particular goods or services, then when people wish to purchase those goods or avail of the services, their first choice of location will be that particular street. It is a disadvantage from the point of view that it becomes totally reliant upon its speciality, if such speciality is a passing trend, then that street will experience difficulties and will have nothing to offer when the next 'fad' arrives.

In conclusion, if a street intends to specialise, the type and degree to which it does so are important considerations. Other solutions could be employed such as Town Centre Management initiatives. Secondary areas should be included in policies and remits of Town Centre Management, which would have the overall effect of dramatically

improving the vitality and vibrancy of retail areas. The concept of Town Centre Management will be examined in detail in a later chapter which deals with how it can be successfully applied to secondary areas.

### **3.4 Competition Vs Complementarity**

The above is linked to specialisation to a certain degree. Capel Street can be described as a case in point. Almost every outlet is a furniture store or hardware store of some shape or form. Generally, if one runs a store and the person next door or across the street opens, selling the same type of product, this would be viewed as direct competition. Capel Street appears to be an exception to this rule. Similar units appear to complement each other. Perhaps it is the fact that there are so many, that if customers wish to buy furniture they go to Capel Street because they know that they will have the choice and variety to compare and choose from. If there are only one or two of the same type of stores, people are likely to go to where they will have a greater choice. All of the outlets, therefore, appear to complement each other as opposed to being in direct competition.

### **3.5 Retail Consumption, Retail Sales & Pedestrian Flow**

It is unfortunate that figures for retail sales are not broken down between the different outlets for retailing. It has become apparent that our nation enjoys a healthy standard of living. People have more disposable income to hand, which in turn is leading to more spending and further development and investment. In percentage terms, the volume of consumer spending rose by 6.3% in 1997 and this figure grew to c.8% for 1998. In the Central Bank of Ireland Autumn 1998 Report, an index of the volume of retail sales was constructed, with 1990 representing the base year (an index figure of 100). The index illustrates that the volume of retail sales to May 1998 was 139. This equates to a seven and a half year growth rate of 39%, which is equivalent to approximately 5% per annum compound. The Liffey Valley Centre, the last of the current major building programmes of retail centres of 1998, opened during mid October. The projected continued growth of retail sales would indicate that once the new centres have settled down, all shopping is likely to benefit from future continued growth in retail sales volumes. Important marketing initiatives such as TCM, are now

all the more relevant and important in determining the extent to which secondary streets will participate in the future volume of growth.

Pedestrian flows are a critical element in determining the importance of streets. A report on pedestrian flow published by Gunnes in July of 1998 illustrates the changes that have taken place in relation to pedestrian flows in the City Centre. The figures indicated that people were flocking back to the traditional shopping streets. The agents confirm that for 1998 pedestrian traffic on Henry Street rose in June by 65% on the same period in 1997. On one day in particular an average of 20,000 people per hour were recorded using Grafton Street, which is a jump of almost 50% on the same period in 1997. In June 1998, a figure of 16,500 was recorded for Henry Street. Secondary streets are substantially lower at 700 per hour. It must be borne in mind that the secondary streets are not fully pedestrianised and, therefore, do not and indeed could not have the critical mass of prime streets (Semi-structured interview, Tom Coffey, 1998). As at June 1998, retail sales were up 18% to 20% so far on 1997. *"It is just amazing that the suburban shopping centres are doing very well and the City Centre shops do not appear to be affected at all"*(Hunt, M., 1998)<sup>17</sup>.

*"The economy is extremely buoyant. We're actually evolving into the sort of European City we've been trying to get to. A City, where the centre is the heart of the Nation"* (Tom Coffey, DCCBA).

Pedestrian flow figures combined with volume of retail sales give a good indication as to the likely levels of retail activity. Pedestrian flow figures without further manipulation can at times be limited; for example there may not necessarily be a direct relationship between the volume of people and retail sales. It has been opined that perhaps instead of counting the number of people, we should in fact be counting the number of shopping bags and from what shops they originate. In many cases people walk down streets purely as a means of access to other areas. This distorts pedestrian flow figures as some of the pedestrians are not shoppers. 80% of the people on Henry Street are there to shop (Semi-structured interview, Bill Kelly, 1998). The only specific data in relation to secondary streets was published in 1996 by Taylor Nelson AGB plc. The following information was published for the Henry Street/Mary

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<sup>17</sup> Ms. Marie Hunt is Head of Research at Gunnes. The quote is taken from an interview with the Evening Herald following the publication of the Gunne Report in June 1998.

Street partnership. Basically it identifies the number of people who visit the City Centre and their exact destination. The data is based on a street survey.

**TABLE 5: Areas usually visited in the City Centre while shopping**

	Henry Street/Mary Street	Henry Street/Mary Street
Year	1995	1996
Henry/Mary/Ilac	95%	85%
O'Connell Street	28%	40%
Talbot Street	18%	24%
Capel Street	7%	11%
Westmoreland/Temple Bar	11%	16%
Grafton/Wicklow/Dawson/Stephen's Green	52%	50%
George's/Aungier/Camden	3%	10%
Other	4%	3%

Source: Taylor Nelson AGB Plc.

What is interesting to note from the above table is that the proportion of people visiting O'Connell Street, Talbot Street, and Capel Street are increasing. These streets are secondary streets. To conclude people are still travelling to the City Centre in ever increasing numbers. When the pedestrianisation factor is taken into account, secondary streets are doing quite well.

### **3.6 An Assessment as to whether the secondary streets individually, are prospering, static or are in decline**

**Dawson Street:** is a prime secondary street which is a good street in its own right and hence always performs with consistency. It has made good use of upper floors in its buildings and very little space is vacant on the street, which is an indication of good performance. Over the last two years, rents and capital values have been soaring. This is evident by an examination of rents and capital values. For example the freehold interest in 20 Dawson Street recently sold for just under £1 million. In previous years it would have only realised c.£300,000. One of the main entrances into the Royal Hibernian Way is on Dawson Street and units are currently selling at premiums and



high rents. In February 1998, £85,000 was paid to secure a unit in Royal Hibernian Way. The unit is only 44 sqm (475sqft) and it is currently let at a rent of £24,600, which equates to a rent of £560 per sq m (£52 psf). This is an indicator that Dawson Street is in fact prospering and will continue to do so in the immediate future. A rent table, illustrating both rents and capital values is constructed in chapter eight. It details transactions in the secondary market that have taken place over the past two years. It indicates how such rental and capital values have increased and soared over the same time frame.

In the questionnaire survey distributed, the author received 13 replies from retailers operating out of the street and they all agreed that Dawson Street is a good location for their business. The main reasons were as follows:

- Established for so long that they have built up very loyal customers
- Many retailers prefer taking secondary locations; outlet may not fit into a High Street
- Good passing trade
- Rent and rates are not as expensive as Grafton Street

The majority of the retailers are quite positive as regards their future. Only two out of the thirteen are considering moving. Of those two, one is moving to Belfast to open another outlet but it will retain its Dawson Street outlet as its headquarters. The other outlet is moving because it can no longer afford the rent for such a small unit in the Royal Hibernian Way. As regards the future in general:

- The street will continue to improve, there is not so much foot traffic as Grafton Street, which can make shopping uncomfortable
- Ideal for specialist retailers who provide a good service
- The street will become stronger due to the excessive rents on Grafton Street, where the independent retailers cannot compete
- Customers are now demanding a more specialised personalised service, which they do not receive in the High Street i.e. Grafton Street.

**Conclusion:** The street has good prospects for further prosperity.

**Wicklow Street:** is a prime secondary street, which supports the Grafton Street shopping area. It connects George's Street to Grafton Street and has been a candidate for increased property values due to the fact that it has always been a major access route into car parks in the area. At present Wicklow Street has contributed to a change in the public's perception of secondary streets. The street has many quality high fashion retailers such as Kookai, Morgan, Angel and Louis Copeland to name but a few. In April 1998, 24 Wicklow Street was the first transaction on the street for a substantial length of time. The leasehold interest in a 87 sqm (940 sqft) ground floor shop sold for £121,000 and is let at a rent of £17,000. This equates to a rent of £194 per sqm (£18 per sqft).

Wicklow Street however is unlikely to rise up substantially further or to achieve the same rental levels as other secondary streets due to the smaller nature of the units on this street. As mentioned previously, the solution to this problem is for investors to purchase numerous buildings beside each other and knock down partition walls in order to transform the buildings into one large outlet. All retailers on Wicklow Street who responded to the survey agreed that this is a good location for their business. The main reasons cited for this were:

- Excellent passing trade to and from Grafton Street
- Proximity to the Brown Thomas car park
- Reasonable rents

As to the future of Wicklow Street, most retailers felt that those streets that are close to Grafton Street will continue to perform well. If the outlet is a well-known retailer, then the secondary location of Wicklow Street is not a serious issue. Most retailers' felt that the balance of trade levels with rental levels is good on the street. Wicklow Street in the past has been targeted as being a prime candidate for pedestrianisation.

However, this will not now be possible due to the location of the new Brown Thomas car park and its role as a provider of necessary access.

**Conclusion:** Much of the positive ambience from Grafton Street extends into Wicklow Street and in the immediate future should continue to do so.

**Nassau Street:** is a prime secondary street and has been performing exceptionally well over the last number of years. Nassau Street has become known for its quality tourist outlets. In the questionnaire survey, all the responses were very positive towards the street. All retailers felt that it was a good location for their business. The main reasons were as follows:

- Good mix of shops
- Tourist trade
- Its closeness to Trinity College and Grafton Street
- Good office population nearby
- All tourist buses can park along the street, which again brings more people into the area

In September 1998 a new benchmark was set for rents in leasehold interests on the street. Monaghans Menswear was a let at a rent of £75,000 plus an undisclosed sum for key money. This equates to a Zone A rent of £1,292 per sqm (£120 per sqft). When this is compared to Zone A rents on Grafton Street, it illustrates that rents on Nassau Street are approximately 60% of Zone A rents on Grafton Street. This is using £2,153 per sqm (£200 per sqft) Zone A for Grafton Street, which is typically representative of rents on Grafton Street. It is another firm indicator of how well prime secondary streets are performing. A public transport plan has been prepared for the area. It is hoped to reduce traffic and make the streets more pedestrian friendly by having a raised pedestrian area (Semi-structured interview, Mr. Paul McElearney, 1998)<sup>18</sup>. At present none of the retailers are planning to move, which is a good indication of their perception of the future. The only major problem, which retailers

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<sup>18</sup> Mr. Paul McElearney is a Director with Clarendon Properties. Interviewed on the 8<sup>th</sup> July 1998.

experience is one which is indeed very obvious when walking down the street. It is that of traffic and accessibility. Only one retailer was of the opinion that it was affected any more than other parts of the City. From a retailers point of view they felt that:

- Customers need to be better informed of car parking in the area
- Many of the car parks are too expensive
- Lack of parking for unloading and loading facilities
- Effects of LUAS are unknown
- There is a substantial volume of public transport, which can at times be unfriendly towards customers due to the lack of pedestrian crossings on the street.

In determining how a street will perform, it is important to consider how the retailers themselves perceive the future. With Nassau Street, the overall consensus is very positive. The main reasons adduced are as follows:

- Secondary streets allow for small businesses to operate
- In the long term, Nassau Street will lose its secondary status
- It has a bright future as a result of its closeness to Trinity and will develop its specialisation in tourism retailing to a greater degree.

**Conclusion:** The street will actively flourish and become prime in its own right in relation to tourism retailing.

**South Anne Street:** is another prime secondary street, running perpendicular to Grafton Street. In recent years there has been a polarisation of secondary streets. The result being that Grafton Street and Henry Street have been transformed into major shopping streets and have extended outwards to include the surrounding streets such as South Anne Street. The street has prospered over the last number of years. It offers a good mix of outlets for shoppers from the small boutique to many places to stop for refreshments. The fact that the street is pedestrianised in part eliminates traffic and car parking problems. There have been major structural changes on secondary streets and

the developments on Dawson Street have certainly helped the improvement of South Anne Street. If South Anne Street were fully pedestrianised, it would offer a good location for UK designer retailers to set up in Ireland. This happened in Glasgow, where designer retailers took space in an off pitch location. It has become an exclusive designer street and is very successful. South Anne Street would be considered ideal for such a development; it would certainly uplift the street enormously.

As regards rental and capital values, the street is performing quite well. In November 1997, Number 31 South Anne Street was the first transaction on street for quite a while. It is a 149 sqm (1600 sqft) unit. The leasehold interest was sold and a premium of £186,000, paid to secure the unit. It is currently let at a rent of £64,000. Twelve months previous, the leasehold interest would have realised c.£50,000. What was so interesting in this scenario was the payment of almost £200,000 premium. Generally it is only prime streets that are associated with the payment of premiums. This is a powerful indicator that today there is a great demand for secondary property particularly on this prime secondary street. In the questionnaire survey, all the retailers agreed that South Anne Street is a good location for their business. The main reasons stated for this:

- Good passing trade
- Easily accessible, due to closeness to Grafton Street
- Other businesses of similar/related nature

It is yet further confirmation that competition between the same type of retailers appears to benefit each other. None of the retailers on South Anne Street have any plans to relocate. The only problem that retailers experienced as a result of operating out of a secondary location is that of car parking. This is a problem in the City as a whole; secondary streets are not affected any more than prime in this regard. Again, for this street, all retailers are positive as regards the future and all believed that the street would develop further. Its main advantage over other areas is that of its close proximity to Grafton Street.

**Conclusion:** the street is prospering and should continue to do so for the immediate future.

**Camden Street:** is a 'local type' secondary street. It is more 'down-market' in nature and the majority of shoppers are from the immediate vicinity. Many believe that effectively the only way that the area will thrive is if it re-emerges as a residential area. However, the street has improved over the last year with many new developments that have taken place. These include an adjacent new hotel/pub/restaurant development. These have been transformed and certainly add an amount of vitality to the street as they have been built either on derelict buildings or vacant land. The shops on the street are gradually improving, albeit at a slow pace. Despite the negative aspects of the street, 75% of retailers in the survey felt that Camden Street was a good location for their business. The main reasons for this were as follows:

- They have been long established and hence have built up elements of goodwill
- There has been an increase in the residential population in the surrounding area, which has had a positive effect on the street
- Thriving retail market

25% of retailers surveyed disagreed and felt that Camden Street was not a good location for their business. The main reasons were as follows:

- Very little passing trade for the restaurant business
- The streets need a major facelift
- It used to be a good location, the closure of nearby hospitals have had a big effect
- The street has lost passing trade to Rathmines over the last few years

One of the aspects that would have to be tackled on the street before it could be re-developed is that of traffic and accessibility. This issue certainly comes across in the questionnaires. Camden Street is a main street/route into the City Centre and for that

reason it has had a detrimental effect on the street. It is a major traffic artery, which causes noise and pollution that, results in an uncomfortable shopping environment. From the retailers point of view:

- No parking for residents or others
- If customers get fined or towed away, they simply will not come back
- The street is too wide for a shopping area
- Problems with deliveries
- Customers do not have time to browse

The main problems that the retailers are experiencing are as follows:

- Parking restrictions
- Not enough passing trade
- It needs a supermarket to attract more people
- Rates are expensive
- Buildings are not fully utilised - vacant
- Shoddy street - due to under development

As regards its future, the retailers tend to be more sceptical. 12.5% believe that the future for certain types of retailers are non-existent. Some of the main issues in relation to the future were:

- Could have a positive future if given planning priority in the form of tax breaks to improve existing buildings
- Secondary streets are a necessity for the elderly
- Increase in attractiveness if it developed speciality shopping
- Male shoppers are more laid back and do not like the hustle and bustle of prime areas. Camden Street has quite a number of menswear outlets
- Could be viewed as an extension of the City Centre and hence, there would be increased popularity

**Conclusion:** Camden Street, if it is to remain as a viable retail street, needs some concerted effort to ensure that it is given priority for re-development.

**Capel Street:** is a difficult street to define. While it does not exactly fit into category A i.e. prime secondary, it would be unfair to classify it as a Category B, i.e. local type secondary street. Capel Street was a prime thoroughfare numerous of years ago surpassing Henry Street, however over the years it was slow to respond to changes in the market. In recent years it has become a specialist street, with most outlets comprising furniture, hardware or home furnishings. The street has performed reasonably well. The outlets tending to compliment each other as opposed to be in competition with each other. Capel Street was given designated status in 1994. The idea behind this was to promote the concept of 'Living over the Shop' to encourage enhanced utilisation of upper floors on the street. However, this policy to-date has failed to have a considerable impact. Rents and capital values have been fairly stable on the street over the last number of years. In June 1997, the freehold interest in numbers 117/118 sold for £400,000, which equates to £1435 per sqm (£133 per sqft) capital value. On the 12<sup>th</sup> of March 1998, the freehold in number 46 Capel Street sold for £280,000 and is now let at a current rent of £110,000. In the questionnaire survey, 60% of retailers were satisfied and agreed that Capel Street was a good location for their business. The reasons they were satisfied were because:

- They have been established for many years
- They enjoy having complimentary retailers on the street

Other main points that were made in the questionnaires were as follows:

- 20% of retailers felt that the location could be improved if the traffic congestion was curtailed and if more pedestrian crossings were in existence.
- 20% of retailers are now specialising in the wholesale business and hence location is not of immense importance, as it is with a pure retail business.



- Of the responses received, approximately 25% of retailers are contemplating moving. They are considering moving to out-of-town retail parks, where there are larger spaces and no parking problems.
- All of the retailers agreed that the biggest problems in the area are traffic and parking. The double yellow lines and meters are curtailing people visiting the street.

Capel Street is specialising to a certain degree in furniture and hence will be affected by increasing competition from the outlets recently opened in many of the retail parks. Many shoppers will opt for the bigger, brighter stores, where car parking is free and in abundance, especially when buying bulky goods. Capel Street has also attracted some outlets that create a poor image of the street and do nothing to improve the public's perception of secondary streets. Here the author is referring to the many 'adult shops' that have opened on the street over the last number of years.

Confidence in the future of Capel Street is somewhat uncertain. It is good from the point of view that there are lower rents, less crowds and thus will offer accommodation for the small independent tenants who cannot afford the prime pitch. On the other hand, in order to improve the street, it needs to be given specific attention from the Local Authority regarding traffic, pedestrianisation, street furniture and overall environmental upgrading. Many residential developments have taken place on and in the vicinity of Capel Street and they have improved the overall landscape of the street. They have been successful due to the demand for inner city dwellings and also because of the proximity to the nearby Dublin Institute of Technology, Bolton Street.

**Conclusion:** The retail outlook for the street will be assured if the present scheme of residential development adds to the population, which in turn will lead to a demand for retail outlets on Capel Street.

**Talbot Street:** is more of a 'local type' secondary street as opposed to a 'prime secondary' street. The street has varied in its performance. As a result of its location, crime and vandalism have always been problems for the street. Talbot Street was the

subject of a renewal project undertaken by Dublin Corporation. The main aim was to try to improve the overall perception of the street and it has had a varied effect. Different opinions exist as to the success of the project. In order for a project to be successful and have any major effect, it requires complete change. *"The entire area needs to be re-planned and re-marketed as a shopping environment"* (Semi-structured interview, Aidan O'Hogan, 1998). *"In fairness to the work undertaken by Dublin Corporation, it has definitely improved the physical environment and overall safety, which are influencing factors in improving the streets as a whole, however convenience and accessibility are definitely more important issues which need to be considered first"* (Semi-structured interview, Stephen Murray, 1998).

The Irish Life Mall on Talbot Street did not prove to be as successful as other City Centre shopping malls such as the Ilac Centre and the St. Stephen's Green Shopping Centre. The shopping centre was not enough on its own to make a significant impact on the shopping environment. Projects on secondary streets need to be on a large scale to make an impact. Iceland, the frozen food store has taken a 279 sqm (3,000 sqft) unit in the centre. Since its opening in late 1998, it has helped to contribute to the overall improvement of the area. The proposals for the O'Connell Street area and the planned conference centre in the Docklands will attract more people to the North Side of the City and this should increase trade and the overall attractiveness of the immediate area. Talbot Street falls within this North-Eastern area of the City.

As regards the performance of rents and capital values, the street has remained fairly static. In March 1997, the freehold interest in number 84 Talbot Street sold for £300,000. The building comprised 279 sqm (3,000 sqft). The main problem with the buildings on the street is that they are very old and in poor repair. Upper floors in buildings are very poorly utilised and in very bad condition. Many Landlords have got to the stage that they just do not bother repairing broken windows because it becomes too expensive when required on a weekly basis. The retailers operating on the street are fairly positive as to their future. Of the retailers surveyed, 92% agreed that Talbot Street is a good location for their business. The main reasons are as follows:

- Retailers are well established - goodwill
- Rent is relatively cheap in comparison to overheads
- Good volume of pedestrian traffic
- Near DART, train & bus station
- Revitalised due to tax incentives and lobbying by traders associations
- Fair mix of tenants
- New hotels and office inhabitants
- Little competition in the area
- Local residential coverage

84% of retailers are not considering moving elsewhere. The 16% that are considering moving are doing so because:

- They already have two outlets on the street
- Some felt that retail space was too expensive for the level of trade in the City Centre
- Some are being offered new opportunities

Talbot Street is the only street, where retailers as a result of operating out of a secondary location experience problems. 57% of retailers incurred many problems as follows:

- Not a sufficient volume of shoppers
- The street is too far away from the prime shopping area and hence there are difficulties in making people aware that Talbot Street is a shopping environment.
- Poor car parking
- Weekend business is very poor
- Security
- Problems with insurance cover
- The buildings are old and in need of constant repair
- Drug addicts and shoplifting
- Competition from out-of-town locations

Retailers are very worried as to their future. Many agree that:

- There is a lack of access to City and associated problems with car parking
- Shopping centres have taken volume away from City Centre
- Derelict sites need to be transformed
- Street needs to project a more positive image
- There needs to be an organised effort by local trade users
- The future is for niche/specialist retailers
- The move towards City Centre living will benefit secondary streets

**Conclusion:** Recovery is a gradual process. Talbot Street has not dis-improved over the last number of years. It is remaining static.

In conclusion, the outlook overall for secondary streets is positive. Some streets will become more prosperous than others will. The improvements in Irish economic performance have contributed enormously to the success of shopping within the City Centre. The expansion of the prime streets have spread towards the secondary streets, thus these streets have improved. The prosperity in general has benefited all shopping areas. The improvements on secondary streets have been tremendous.

It is important to note that the survey of secondary streets, which was carried out by the author for the purpose of this thesis, reinforces their classification as defined in earlier chapters. It is also important to fully understand that whilst the thesis has chosen seven specific streets, the role of secondary streets is of growing importance given the fact that there now are perhaps more than fifty such streets in Dublin's City Centre.

To conclude the overall outlook is optimistic based on the quantum of new residential development already evident in the City, which will lead to an increased demand for services and shopping in such locations. The Department of the Environment & Local Government published a report on "Planning Issues Relating to Residential Density in

Urban and Suburban Locations” in March 1999. The main outcome from this report is that it is likely to result in increased residential densities. This will obviously increase the volume of the population living within all areas of the City Centre. These new city dwellers will demand shopping facilities and services, which the secondary streets can expertly provide.

## **Chapter Four**

### **Socio-economic Factors affecting the Streets**

#### **4.0 Population effects on secondary streets**

Demographic change in Ireland has played a crucial role in the strong economic performance of the past five years. The key features have been:

- The capacity of the economy for non-inflationary growth has increased as the pace of the labour supply has accelerated to an annual 2% on the back of a rising population in the economically active age groups.
- Higher educational attainment levels and increased productivity have increased the effectiveness of the work force.
- Falling dependency because of lower numbers in the youngest age cohorts has boosted wealth, increased the size of the domestic market and supported strong growth in demand and employment in the services sector.

The heightened rate of economic growth in recent years thus has a sound structural base and the demographic change, which have their roots in the baby boom of the 1970's, will continue to have a strong influence on activity in the years ahead. (Population & Prosperity, Sustaining the Boom, NCB Stockbrokers, 1998).

The total population is expected to rise by about one-fifth in the period to 2026, reaching over 4.4 million (Population & Prosperity, Sustaining the Boom, NCB Stockbrokers, 1998). Due to the baby boom of the 1970's, Ireland currently has a significant proportion of its population in their mid-20's. This indicates that by 2006 the numbers aged over 20 in the population are forecast to rise by 500,000 and those under 20 decline by 100,000. This will result in a continuing fall in the dependency ratio. Also the proportion of retirees in the Irish population will remain relatively low until after 2011 and increase only slowly thereafter. As a result of this demographic change, the residential market is flourishing, as more younger people are able to either buy or rent and thus move out of the family home. High proportions of these baby boomers have achieved a high attainment of education and hence have secured good, well paid jobs. This results in a certain volume of pressure on the residential market as young people begin to get married or at least flee the nest and set up a home of their own.

Over the last 7-8 years, Dublin has experienced a reversal of living patterns. City Centre living has become an alternative over suburban living. The ever-increasing traffic problems, coupled with the expense of travelling to work and car parking charges make living and working in the City Centre a very attractive option.

The increase in the population of the City Centre is undoubtedly due to the volume of residential construction in the City. Of course this has been solely attributed to the various Urban Renewal programmes which began in 1986 with the introduction of the first Urban Renewal Act. Between 1991 and 1996, the population of the North Inner City increased from 38,700 to 43,600 while that of the South Inner City grew from 37,800 to 46,100. In other words, the population between the canals has increased by over 10,000 to 86,600 in five years. The majority of residential construction has taken place in many secondary locations around the City. Capel Street, Smithfield, Dorset Street, The Quays and Christchurch are examples of where extensive construction has taken place. Prior to these complexes, many people believed that these areas were seriously disadvantaged. Undoubtedly, it has brought about the complete revitalisation of the areas and has resulted in a demand for various activities.

Retailing is one of the more important activities. Retailing here refers to mostly convenience stores. There has been a noticeable increase in the numbers of "Spars", "Centras" and "Londis" shops. They effectively have become mini-markets where everything can be purchased from a pint of milk to a birthday card etc. These outlets have certainly developed as a result of the demand for them. In a sense, it is local retailing. As a result of the fall in population between 1971 and 1991, it was inevitable that retailing would suffer and it did. In many cases it brought about the demise of many secondary streets; this has substantially turned around since the increase in the population since 1991.

*"Convenience outlets may take the form of the traditional corner shop in which case they may be very small units or alternatively may be a part of a nation-wide chain of mini-supermarkets of about 279 sqm (3,000 sqft) of floor space. Convenience outlets*



*in whatever form are generally situated off-centre locations intended to cater for a localised market. Dublin has experienced considerable growth in the number of convenience stores in recent years. This is primarily due to the rapid development of residential apartments in or near the City. Many of these stores form part of the mainly residential development, occupying space at ground level. It is common for Planning Authorities to impose this as a condition attached to the planning permission (Browne, D., 1997).*

Certain secondary streets will only be successful in the future if they consider a change of use. The ideal solution for certain streets is the change of use from retail to residential. It would be necessary then to have some convenience retailing to support the residential population. Areas such as Camden Street, Thomas Street and Capel Street would be ideal locations for further residential development. Camden Street in terms of shopping has lost out to Rathmines as a result of the developments that have taken place there. Perhaps if Camden Street can pursue the residential option, it could be a further convergence of the Rathmines area closer to town. The push for higher densities should make the planners more amenable to residential developments, especially to upper floors. However, there remains the issue of adequate ingress and egress, especially in relation to fire safety requirements.

#### **4.1 The Changing Society in Dublin**

Inner Dublin is beginning to attain a multi-class, multi-cultural society due to the variety of people now living in the City Centre. The increase in demographic variety will guarantee the density of the population in the City Centre, which in turn should increase the demand for retail units in secondary areas and as a result support the evolving role of secondary streets. There has been a change in our society, which can be attributed to many different factors. First relates to the immigration factor. Since the beginning of 1994, Ireland has been experiencing dramatic economic growth. GNP for 1997 was recorded at 8.1% and this increased to approximately 8.25% in 1998. Consumer spending is always a good indicator of economic performance. These figures have already been discussed. (The Irish Economic Report, August 1998, Davy Economics).

**TABLE 6: Consumer Spending & Household Savings, 1997-1999**

	1997	1998(f)	1999(f)
		(% change, real)	
<b>Disposable Income</b>	6.5	6.4	5.6
<b>Consumer Spending</b>	6.3	8.0	5.6
		(% of disposable income)	
<b>Savings Ratio</b>	9.8	8.4	8.4

Source: Davy Economics, August 1998.

This outstanding performance has encouraged immigration to gain momentum. Most of these immigrants are younger people who were forced to emigrate due to economic conditions during the 1980's. Many lived in the USA, UK, Australia and other European countries. Typically they are returning home with the benefit and experience of skills with some capital and often young families.

Dublin is beginning to experience a multi-cultural society. With the continued number of settlers arriving and living in the country, there has been wide acceptance that Dublin is evolving and becoming more open to change. As a result the population of the City Centre increases and "town living" remains more fashionable and hence the density of population is secured. This population will lead to a demand for retail and leisure activities.

*"Unless traditional town and city centres reinvent themselves as locations for residential as well as leisure activities and have the political and financial power to implement such strategies, they are likely to continue to decline; retailers will only return to town centres if a combination of leisure and residential activities justify their presence"* (McIntosh, A., 1997).

Dublin City Centre has a viable population base, thriving residential outlets and is developing leisure activities. Hence, retailers will have a reason to return with optimism.

#### **4.2 Wider Economic Issues**

For many secondary areas, the retail opportunities provide a local-based indigenous economy for residents living in the City. It must be recognised, however that this is applicable mostly to local type secondary streets or Category B streets as described in Chapter Two. The streets that are classic examples of the above are Camden Street and Thomas Street. A high percentage of the shoppers are from the immediate locality. Also a high percentage of the retail outlets will be local in nature. Both of these streets have street traders and market stalls, the proprietors of which also tend to be from the locality. These streets and their trade basically serve a local community, which tend to be a consolidating social issue for many. These social issues are very important for the elderly, where in many cases, the trip to the shop is perhaps their only chance to get out and meet people. The local trade keeps the area economically viable, it provides employment, ensures a certain volume of critical mass and generates economic activity. Certainly these local streets are very highly dependent upon the support of local residents. If that began to suffer the future of the streets would be seriously threatened.

#### **4.3 Social Issues**

Two very important social problems must be addressed in relation to secondary streets. These are crime and vandalism. By their location many of the more local streets are suffering i.e. Category B streets are affected to a greater extent than Category A or in other words 'prime secondary' streets. Crime and vandalism will act as an impediment, both to investment by private individuals and institutions and also to growth. They are purely social issues and will have a major effect on the overall perception of secondary streets. Through the questionnaire survey it became apparent that some streets are affected to a greater extent than others are. For example, Talbot Street suffers from major problems and hence the condition of many of its buildings is testimony to the extent of the problem. These problems reduce the attractiveness to

locate there due to the added security measures that need to be undertaken. It increases the security costs significantly, which in turn will greatly reduce the profitability of the smaller shops. Many retailers who responded to the questionnaire were irritated at having to frequently replace windows and doors and hence the buildings have become of an inferior quality. One retailer commented that in past years, insurance companies were unwilling to take on property in secondary areas. It is, however, an issue that must be tackled on a wide scale if the overall problems are to be reduced.

The following table is taken from a study undertaken by AGB Nelson Plc. on behalf of the Henry Street / Mary Street Partnership. The study was carried out in 1996 and indicates the location of crime within the City Centre. The table gives an indication as to the more popular places within the City, where crime takes place.

**TABLE 7: Location of Crime in the City Centre**

	<b>SPRING 1996</b>
Abbey Street	5%
Capel Street	3%
Georges/Aungier/Camden Street	6%
Grafton/Dawson/Wicklow/Stephen's Green	8%
Henry/Mary Street	28%
North Earl/Talbot Street	7%
O'Connell Street	18%
Parnell Street	7%
Westmoreland/Temple Bar	3%
Other	15%

Source: AGB Nelson Plc. Report 1996.

#### **4.4 In Conclusion**

Socio-economic factors can have both positive and negative affects on secondary retail areas. The positive benefits derive mainly from the population aspects. The increasing population within the City Centre will demand a range of services and activities, which secondary streets can offer and successfully provide.

It is the social issue of crime that portrays a negative impression towards secondary areas. This, however is an issue which also affects prime retail environments and hence has to be tackled on a large scale. Policies of Town Centre Management will need to include such issues. Town Centre Managers can work in partnership with retailers and the police in reducing crime and in turn, this will create a safe environment which will have the effect of altering people's perception of secondary streets as retail areas.

**Chapter Five**  
**Local Authority, Policy & Planning Issues**  
**affecting Retail Development in Dublin**

## **5.0 Examination of Policies issued by LA in relation to Secondary Streets**

The basis of the Planning system in Ireland can be found in the Local Government (Planning & Development) Act, 1963. The Irish Retail Planning system operates under the national-scale general land use planning legislation and is implemented through the policies of Local Authority (CRS, Retailing & Retail Planning Policies in Ireland, 1995). Dublin is dominant in terms of retailing and many other towns throughout Ireland are relatively small by European standards but yet act as central places. Retail planning, therefore, has an important role in the economic well being of many of these communities (CRS, Retailing & Retail Planning Policies in Ireland, 1995). The secondary streets within Category B and Category C as described earlier play much the same role as these smaller towns. They are an important part in the local economy of the surrounding population. With the growth in the economy and many new retail developments coming on stream, competition issues increasingly are having a role in Retail Planning. In the past, retail planning has been driven by land use planning considerations as opposed to commercial considerations. Competition within the retail environment has reached such a level that legislation is being demanded by retailers to cope with the continued growth and expansion. Certain measures have been introduced, which will be reviewed at a later stage.

The new Draft Development Plan for Dublin City was published in April 1998. It recognises the importance of City Centre Retailing in the face of competition from out-of-town centres. This out-of-town competition has significant implications for the continued performance of the City Centre as a viable retail environment. If the City Centre is affected, the secondary streets will suffer to an even greater degree than the prime centres. The reason being that many of the outlets in the prime centres also operate units in the out-of-town centres and hence losses from the City Centre can be offset against gains elsewhere. The fact that the Development Plan recognises the importance of City Centre shopping is a good indication that it wishes to retain the City Centre as a primary shopping destination.

*“The Grafton Street retail cell is coherent spatially and includes a rich pattern of interconnecting streets stretching from Dawson Street to South Great George’s Street.*

*A wide range of uses keeps the area alive by day and night. A well maintained and varied building fabric is complemented by a high quality public domain. The area also benefits significantly from tourism. Grafton Street is one of the City's most attractive shopping streets and it is important that standardised international shopping outlets do not deprive the street of its unique character and that a high quality design environment is maintained"* (Draft Development Plan for Dublin City, 1998).

Various developments, that have taken place or that are scheduled to take place, will add enormously to the overall retail environment of the area. The Henry Street/Mary Street area has received a major boost from the Jervis Street Shopping Centre. Secondary streets in the area have improved significantly. These streets include Abbey Street and Liffey Street. The Plan recognises the benefits that the LUAS scheme will bring to Abbey Street, when it goes ahead. Such schemes are considered to be important in the further enhancement of the City Centre. Some of the general policies in relation to shopping in Dublin have been stated in the Plan and include the following.

**Policy S1:** It is the policy of Dublin Corporation to maintain and reinforce the dominant position of the City Centre as the premier shopping area in the State.

This policy will contribute to the continued enhancement of City Centre shopping and will thus assist the secondary streets in their continued progression to become better shopping environments.

**Policy S2:** It is the policy of Dublin Corporation to control the provision of non-retail uses at ground floor level in the principal shopping streets.

Again, this policy will have benefits for the secondary areas and will ensure that dead frontage does not exist within shopping environments. Non-retail uses at ground floor level can have a negative effect on the overall area.

The Development Plan also recognises the importance of the role that local secondary streets play in the City. They have introduced various policies in relation to the



streets, which will have an impact in the future. They identified some of the secondary areas as follows:

- Thomas Street
- Meath Street
- Francis Street
- Camden Street
- Dorset Street
- Manor Street/Stoneybatter

For the purpose of this thesis, only one of the above streets (Camden Street) is applicable. The other streets included above are also Local Type Secondary Streets or in other words Category B streets as identified by the author. They are not however included in the sample chosen for this thesis. The fact, however, that Dublin Corporation has selected such areas is an indication that they understand the changing role of the streets. Certain policies have been stated in the Development Plan, which specifically relate to the secondary streets. These include the following.

**Policy S7:** It is the policy of Dublin Corporation to encourage the regeneration, while protecting and maintaining both the traditional local market roles and also specialist shopping functions, of these secondary shopping streets close to the City Centre.

This is a very important policy for the purposes of secondary streets. As mentioned in earlier chapters, certain streets now are specialising. Retailers have identified a niche in the market and exploited it to their advantage. The Corporation, through this policy recognises the function that secondary streets perform through providing specialist outlets for shoppers, which is important. Many of the retailers illustrated through the questionnaire survey that they felt the only future for them in certain areas is through specialisation. Policy S8 is a further confirmation of the Corporation's commitment to secondary areas. It specifically identifies a certain street that is optimistic for other areas.

**Policy S8:** It is the policy of Dublin Corporation to protect and strengthen the role of the Francis Street areas as the principal focus of the antiques trade within the City.

There is no point in just developing each area as an individual sector. There has to be a certain volume of integration between the different secondary areas. Hence, issues such as pedestrianisation and traffic calming need to be examined and solutions implemented on a large scale. This has been dealt with to a certain extent by Policy S9 as follows:

**Policy S9:** It is the policy of Dublin Corporation to assist in the improvement and integration of these secondary streets with the central retail area of the City, by the designation and improvement of pedestrian linkages, the reduction in levels of traffic and other environmental improvements.

**Policy S10:** It is the policy of Dublin Corporation that environmental improvements are executed in a design idiom, contemporary or otherwise, which evokes a strong association with the materials and standards of Dublin's quality street furniture of the past.

This policy can be viewed for the City as a whole. It is important that the overall quality of the environment is maintained for the City Centre as a whole.

These policies would appear to indicate that the Local Authority has a concern to ensure that City Centre Retailing remains viable. This concern does not just stop at prime streets but extends to facilitate the importance of secondary shopping. Policy S9 is quite important in that levels of traffic on secondary streets is probably one of the ways in which secondary streets really suffer as against the prime. The plan also recognises the speciality associated with secondary streets and hence specifically wishes to protect and strengthen, for example, Francis Street. Francis Street has become known as a specialist antiques area. The policies are a further consolidation of the change in the perception of secondary streets and their future appears to be good in response to the level of interest in the various secondary areas.

### **5.1 Retail Planning Directives**

The planning system has to be amended by Directives to cope with the changing nature of the different markets and commercial development. As mentioned previously in this chapter, competition distorts the market to a certain degree and hence there has to be some form of intervention in the market. This is done through the introduction of Ministerial Directives.

The first Planning General Policy Directive was introduced in 1982 by the then Minister for the Environment, Raymond Burke. It came about as a result of continuing lobbying by small independent retailers and RGDATA. The Directive was issued as the Local Government (Planning and Development) General Policy Directive, 1982. It was at this time that smaller out-of-town centres were beginning to grow in popularity and the town centres began to suffer. The main thrust of the Directive was that the establishment of retail shopping which would represent a large scale addition to the existing retail shopping capacity in a locality, should be guided by the following considerations:

- (a) the adequacy of existing retail shopping outlets
- (b) the size and location of existing retail shopping outlets
- (c) the quality and convenience of existing retail shopping outlets
- (d) the effect on existing communities, including in particular, effect on established retail shopping outlets and on employment
- (e) the needs of the elderly, infirm or disabled persons and of other persons who may be dependent on the availability of local retail shopping outlets
- (f) the need to counter urban decline and to promote urban renewal and to promote the utilisation of unused infrastructural facilities in urban areas

Source: Direct from the Local Government (Planning & Development) General Policy Directive, 1982.

The Directive was flawed from the point of view that it did not give specific definitions of 'adequacy' or 'quality and convenience' nor did it give guidelines on how 'effect' was to be evaluated in dealing with planning permissions for retail

developments. The prime effect of the General Policy Directive has been to reinforce many Local Authority planning policies, particularly in respect of the maintenance and strengthening of city and town centre retail nodes (Parker, 1994). The decentralisation process as described in an earlier chapter was gaining momentum at this time. The independent traders represented by RGDATA were hoping that the Directive would consolidate their cause and eliminate decentralisation. This did not happen. The Directive did slow down the process but did not eliminate it. The introduction of the Directive followed trends that were taking place in Europe.

Retailing is the most rapidly changing sector of the property market and hence the planning process and land use patterns have to respond to the changing requirements. Over the last five years in Ireland, the growth in decentralisation has accelerated as larger centres have been constructed. Again lobbying from the smaller independent retailers with the support of RGDATA, who have criticised the granting of permission for such centres, has resulted in a second policy Directive on retailing. The Minister for the Environment, Mr. Noel Dempsey introduced the Local Government (Planning and Development) General Policy Directive (Shopping), 1998, which came into operation on the 10<sup>th</sup> of June 1998. The policy is certainly a boost for City Centre retailers. It is an interim measure which will be put in place until a study is carried out by consultants on the implications of large scale shopping developments. Following the findings of the study, draft guidelines will be issued. The Policy requires *"that planning permission should not be granted for a supermarket, the retail floor space of which exceeds 3,000 sqm, whether such development involves an extension to existing development or otherwise"* (Section 2, pg 2, Local Government (Planning and Development) General Policy Directive (shopping), 1998).

Planning permission for retail shopping development (including motor fuel retailing) which would constitute a substantial addition to existing retail facilities of that type within the perceived catchment area of the proposed development, shall be guided by the following criteria:

- (a) the adequacy of existing retail shopping outlets
- (b) the size of and location of existing retail shopping outlets

- (c) the quality and convenience of existing retail shopping outlets
- (d) the effect on existing communities, including in particular the effect on established retail shopping outlets and on employment
- (e) the needs of those who may be dependent on the availability of retail shopping outlets within walking distance
- (f) the need to counter urban decline and to promote urban renewal and to promote the optimum utilisation of existing infrastructure in urban areas
- (g) the impacts on road traffic

Source: Section 3 (a) to (g), pg 2-3, Local Government (Planning and Development) General Policy Directive (shopping), 1998.

Although it is still too early to be definitive, to date the Directive has had varied effect on retail development. Many large scale developments planned have been halted. Tesco had purchased an 11-acre site at Liffey Valley to the West of Dublin. They were planning an 7,432 square metre (80,000 square feet) store on the site. They were also planning a 5,110 square metre (55,000 square feet) store in the retail complex in Malahide and finally a 4,181 square metre store (45,000 square feet) store in the new Town Centre planned for Dundrum. Marks & Spencer were also planning a 4,645 square metre (50,000 square feet) store for the Dundrum Town Centre. If the above developments are to have a chance to receive planning permission, they must scale down their operations and comply with the Directive. As regards Liffey Valley, Tesco have lodged an application for a total of 5,448 square metres (58,640 square feet) and they have specified that the grocery element will comply with the Government's cap of 3,000 square metres (32,000 square feet) (An Article in The Irish Times, 3<sup>rd</sup> of March 1999, "Planning move to double Liffey Valley aims for 'critical mass'", Jack Fagan). The Directive was welcomed by Mr. Michael Campbell, Director of RGDATA, who was quoted as saying that "the arrival of superstores threatened the viability of Irish towns and villages" (The Irish Times, 10<sup>th</sup> June 1998). The Society of the Irish Motor Industry was also pleased with the ban, as they feared that superstores would include petrol stations. This has happened extensively in the UK, which has had detrimental effects on small petrol retailers and smaller villages and towns.

The final draft planning guidelines have not yet been published. They are expected over the coming months. It was reported, however in The Irish Times on the 21<sup>st</sup> of April 1999 by Mr. Aidan O'Hogan, that indications are that the cap is to remain at 3,000 square metres and in Dublin it will be slightly higher at 3,500 square metres. The 3,500 square metre cap is on a gross basis and should equate to stores of some 5,250 square metres which may be an acceptable and viable foodstore size.

Again, there are various inequities with these guidelines. It appears that the only reason why Dublin has the higher cap is because of its higher density of population. In urban areas such as Cork, Limerick, Galway and Waterford, it seems unjust that consumers living in those regions will not have the same choice of product range available to them. The guidelines do recognise that there will have to be a certain quantity of retail developments permitted out-of-town, where the sites are not available within the City Centre. There is often a direct conflict between the above policy and the proximity of national roads and motorways. Shopping centres located at junctions on major traffic arteries through the City cause congestion due to the volume of cars visiting the centres and traffic jams are regular occurrences, for example, along the M50 motorway.

## **5.2 Retail Planning in the UK – PPG6**

Britain has acknowledged the detrimental effects that out-of-town stores have on smaller town centres. In response, they introduced tough new Planning Legislation in relation to Retail Planning. The Planning Policy Guidance Note 6 has become known as the PPG6 regulations. *"The Government has advised that environmental assessments must be prepared for large retail schemes and it has also stated that all applications for major retail developments should be supported by evidence of their likely impact on other retail locations and by an assessment of likely changes in travel patterns. Following publication of PPG6, local planning authorities are directed to consult with the Secretary of State on any retail planning application which involves the development of not less than 20,000 sqm of shopping floor space or which, when aggregated together with other planning applications or planning consents (and developments completed within the preceding five years) within a radius of 10 miles*

*will result in the provision of not less than 20,000 sqm of floor space. This requirement may well catch more small developments than it does large, and is likely to act as a strong brake against the continued growth of large retail centres out-of-town” (Retailing in the 1990’s, Brian Jolly, Property Review, 1995).*

The only inefficiency in relation to the PPG6 Guidelines is the lack of reference of the guidelines to ‘extensions’. Many stores have applied for planning permission, therefore, to extend their existing premises as opposed to building new stores at out-of-town locations. (CSM, ‘What is Retail Planning Policy’, April, 1998). Various appeal decisions on cases brought before the various Local Authorities indicate that the sequential test will also apply to store extensions. The regulations have halted the development of out-of-town centres in the UK. Effective Town Centre Management policies have ensured that the Town Centres have remained healthy and vibrant. In Ireland, there has been a call for a complete overhaul of the planning system. The draft guidelines are due to be issued over the coming months. It will be interesting to note their outcome.

### **5.3 Traffic Congestion & Secondary Streets**

One of the primary concerns of planning for retail is accessibility to the facilities. Ease of access to a retail area will maximise its potential for the retailers and customers alike. (Browne, D., 1997). Car ownership has increased in recent years. The growth in new vehicle registrations between 1994-1997 was 56.7% for Dublin. (Central Statistics – Information Section). This gives an indication as to the increased levels of cars on the road and hence traffic congestion. Many of the secondary streets for example, Nassau Street, South Great George’s Street and Camden Street are major traffic arteries within the City. It is true to say that the City Centre in its entirety, is affected by traffic congestion. Inevitably there will have to be some curtailment of traffic flows in the City Centre. Such initiatives are likely to benefit the ambience of secondary streets every bit as much as the prime streets. Dublin Corporation hopes to introduce standards to minimise the impact of through traffic and the conflict between pedestrians and vehicles, control on-street car parking and facilitate access for public transportation and cyclists.

The author is of the view that there needs to be a complete rethink and overhaul of the traffic system in Dublin. Talbot Street was the first street to introduce traffic calming measures and there they have been successful in reducing traffic and thus improving the overall street. Accessibility is a crucial factor to the continued commercial future of secondary streets. Shoppers need to be in a comfortable environment where they can feel safe and secure if they are to shop. They need to be able to cross from one side of the street to the other without the fear of being knocked down.

Many of the streets operate a one-way system, which is not always successful in a large city and can often cause chaos. This can also lead to problems for the retailers, in relation to delivery times and also loading and unloading become difficult. During the summer vacation months or indeed during all school holidays, the volume of traffic in the morning times is considerably reduced. Aspects such as these need to be taken into account in trying to produce a traffic management plan. Operation free flow in the weeks up to Christmas works well in the City Centre.

The major advantages and disadvantages of the LUAS scheme have been highly publicised and criticised. There should be benefits for the secondary streets. The general idea behind the LUAS is that as it travels down some of the secondary streets, it should bring added critical mass to the areas, as it stops along the streets. However, the effects on retailers will be negative in the short term while under construction. People will have to be assured of quality of carriages and services. Many travel in their cars for comfort and hence it will have to be of the highest quality if people are to substitute their car for LUAS. The problems during construction may magnify the impact in the long term. (Semi-structured interview, Bill Nowlan, 1998). Retailers do not recover from short term losses anymore. (Semi-structured interview, Bill Kelly, 1998). "Accessibility into the City Centre and in the City Centre will become a serious issue over the next three to five years. With the LUAS system it is only planned to have two stops underground within the City Centre. If some sort of traffic plan is not designed and implemented, then the City Centre will lose out due to lack of accessibility, not strictly because shoppers prefer out-of-town locations. (Semi-structured interview, Paul McElearney, 1998).



**5.4 Car Parking & Effects on Secondary Streets**

Unless public transport systems are very reliable, quick and of a very high quality, nine out of ten people will opt to drive their car. Consider one making a shopping trip to town to make some Christmas purchases. The car is parked in the drive, just waiting to have the engine switched on, or do you take the bus? You may be waiting for a while and you will have many parcels, perhaps even bulky ones to take home. The majority of people will of course opt for the car; no matter how cheap the bus fare is in comparison to the car parking charges. Metered car parking, disc parking and more recently clamping have ensured that shoppers are restricted when driving to the City Centre. The result has been an increase in the level of demand for multi-storey car parks. There has been a substantial increase in the level of multi-storey car parks that have opened over the last three to four years.

**TABLE 8: Multi-Storey Car Parks**

<b>Multi-Storey Car Parks</b>	<b>No. of Spaces</b>	<b>Opening Date</b>
Four Courts/Ushers Quay	385	1995
Christchurch	220	1994
Parnell Centre	391	1995
Ilac Centre	1000	1981
Jervis Street	750	1996
Upper Abbey Street	262	1996
Fleet Street	391	1995
Trinity Street	170	1995
Drury Street	500	1992
Stephens Green Centre	650	1990
Mansion House	350	1996
Setanta Centre	250	1975
Irish Life Centre	375	1978
Marlborough Street	540	1985
Mary Street	353	1997

Henry Street (Arnotts)	275	1997
Clarendon Street (BT)	380	1996
Dawson Street	370	1996
College of Surgeons	525	1998
Thomas Street	150	1998
May Lane/Bow Lane	383	1998
Tara Street	360	1998
IFSC	393	1998

Source: Hamilton Osborne King, 1997

The location of future planned multi-storey car parks will be a crucial factor in the future of secondary retailing. If they are located near a secondary street then that street may benefit due to the increase in pedestrian volume and may result in higher flow volumes or other commercial opportunities to those secondary streets. Many of the new multi-storey car parks are located in secondary areas and thus have the potential to improve the area greatly because they bring with them shoppers. Parking is viewed as a secondary activity and inner city car parks are necessary as shoppers will only walk 150-200 metres to and from their destination (Semi-structured interview, Liam Kielthy, 1998). The Brown Thomas car park is in an excellent location for City Centre shopping. Since its opening, Clarendon Street and Powerscourt and indeed the general area of Wicklow Street and Exchequer Street have benefited enormously from this car park. It is perceived that it has brought increased pedestrians to the area. Furthermore shoppers are also discovering the quality outlets located on Wicklow Street.

The proposals for the Upper O'Connell Street shopping centre also contain plans for a multi-storey car park which will not open until 11am. This measure will ensure that the people using the car park will be shoppers i.e. as it is not open until 11am, office workers will be unable to avail of the car park. Arnotts in their recent expansion included a 400 space car park as part of the development. The entry and exit points are on O'Connell Street and Abbey Street respectively. Arnotts, Ireland's largest department store, currently has just as much frontage onto Abbey Street (a secondary

Street) as it has onto Henry Street. It also has a large frontage onto Liffey Street, another secondary street. The Virgin complex development car park opens late and hence brings life to Parnell Street at evening time. The lack of activity after 6pm was always a problem associated with the North Side of the City.

It is a commonly held view that the increase and availability of multi-storey car parks will encourage more people to use their cars and hence worsen the traffic situation within the City Centre. However, they do bring back life to the other/older secondary areas. It is a reality that multi-storey car parks are necessary for City Centre shopping. If people cannot drive to the City Centre they simply will go out-of-town and ultimately the City Centre is the loser. There has to be an overall solution dealing with traffic and accessibility, car parking and charges. A strategy to abolish cars altogether simply will not work. However, the present public transport system is in need of a total upgrade if shoppers and workers are to place their confidence in it and to switch from using their own cars to public transport.

### **5.5 Pedestrianisation**

*"Dublin City is one of the most unfriendly cities in terms of pedestrianisation"* (Semi-structured interview, Stuart Browne, Boots The Chemist, 1998).<sup>19</sup> This quote must of course be examined in the context of the size of the City. However, it is certainly true to say that the extent of pedestrianisation is limited. For the purposes of this section, the definitions of vehicular and pedestrianised streets are as follows:

**Vehicular Streets:** existing streets to which vehicles have complete access at all times.

**Pedestrianised Streets:** existing streets that restrict vehicular access, either fully or at certain times only. (The Pedestrianisation Myth, 1995).

In Dublin City Centre the prime retail streets of Henry Street and Grafton Street are fully pedestrianised. There are various areas or environmental 'cells' such as Temple Bar which also are pedestrianised as are a limited number of secondary streets, being

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<sup>19</sup> Mr. Stuart Browne is a Manager with Boots the Chemist. An interview was carried out on the 3<sup>rd</sup> of July 1998.

Wicklow Street, Liffey Street, Mary Street, South Anne Street and North Earl Street. This initiative, where implemented has been remarkably successful which perhaps is due to the fact that it is limited in extent. A total pedestrianised city would lose its attractiveness and hence many retail areas may die due to the fact that the critical mass would not be very great for some areas. The advantages of pedestrianisation are substantial. *"The pace of implementation and the role pedestrianisation typically plays in enhancing the shopping environment of town centres ensures that the subject rarely drifts far from the public eye. The following groups, in particular, have a vested interest in keeping abreast of the progress and performance of pedestrianisation at least in so far as it effects retail buoyancy and rents:*

- retailers, landlords and investment institutions
- local authorities and town centre managers
- a host of environmental and other special interest groups, (The Pedestrianisation Myth, 1995).

In general pedestrianisation is beneficial for the more vibrant streets and will result in increased pedestrian flow on the streets. Weaker streets, however should remain vehicular streets as removing traffic would virtually kill those streets due to lack of visibility (Semi-structured interview, John Bruder, 1997). In Dublin, it did take a long time for people to be convinced that pedestrianisation was a good idea. Pedestrian flow has trebled since it came into effect (Semi-structured interview, Tom Coffey, 1998). The tertiary streets opposing pedestrianisation and parking meters are the ones that are suffering now (Semi-structured interview, Tom Coffey, 1998). Safety is an issue for consumers and pedestrianisation eliminates the issue and ensures the quality and safety of the environment. Pedestrianisation needs to be approached in a realistic manner.

The danger of pedestrianisation is that as a result, all shopping will be concentrated in the one area, which in turn can lead to a decline in non-pedestrianised shopping areas. However, it needs to be maintained and upgraded at regular intervals to ensure that it is of a high standard. It is definitely good for the City Centre and is a 'must' but there has to be a balance drawn as to whether to have full pedestrianisation or alternatively,

to widen streets and introduce traffic calming measures. Certainly those prime streets would not be as successful today if they had not been pedestrianised. They simply could not carry the same volume of people. The risk with pedestrianisation is that you lose traffic in the City Centre. There has to be a balance between pedestrianisation measures and traffic calming.

This balance needs to be examined in more detail. As mentioned earlier full pedestrianisation eliminates the car completely which will have a detrimental effect on the City Centre. It could be possible to introduce a system of herringbone parking which would enable footpaths to be widened. It would be possible to have seating and other environmental fittings while allowing some parking on the street. It also lends more character to the street. Such a softer landscape could attract more people. Oxford Street in London is a good example of how a prime street has integrated traffic and pedestrians. Traffic islands are used to curtail traffic speed. Pedestrian crossings are used at very regular intervals to ensure safety for all shoppers. Pedestrianisation is then used on a substantial number of streets located off the prime pitch. South Molton Street is an example of such a street. The street is an example of a secondary shopping environment, which has a good mix of shops, cafes and restaurants. Therefore, this balance between pedestrianisation and traffic calming has worked very well and is very successful.

Initially, retailers feared pedestrianisation because they were of the opinion that they would lose trade by reducing consumers ability to access their shop fronts. They also feared that there would be problems with deliveries and loading/unloading. *".....as history has later been able to prove, the majority of pedestrianisation schemes have been beneficial to retailers and rental values steadily increased in pedestrianised zones until the late 1980's. Some commentators have even gone as far as to suggest that pedestrianisation caused excessive rental growth; an alternative view is that town planners only pedestrianised those areas of town centres which were most popular with the retailing public. In other words, intense retail expenditure polarised into town and city centres, and improvements in rental values in certain*

*streets resulting from such expenditure, caused pedestrianisation”* (Angus McIntosh, *Towns & Cities: Competing for Survival*, 1997).

At present the opportunities for further pedestrianisation are limited. As already mentioned it has worked well on the streets that are pedestrianised. In some circumstances full pedestrianisation would result in the ultimate decline of the street as critical mass and pedestrian flow is considerably less on many of the secondary streets, especially in comparison to the prime. This is the case on Wicklow Street for example. Full pedestrianisation on Wicklow Street would lead to the decline of the street. The traffic leads to further critical mass in the area. Again, it comes back to the issue of having the correct balance between traffic congestion and pedestrianisation as discussed above.

### **5.6 Pedestrianisation and its impact on rental growth**

Potential investors and retailers tend to consider pedestrianisation specifically in terms of its likely impact on rental growth. In the UK in 1995 a report was published into an analysis of high street retail rents before and after pedestrianisation. Nineteen centres were chosen for the study and the changes in rents were benchmarked against the National Trend so as to identify the economic impact of pedestrianisation. The main results were as follows:

- During the two years before pedestrianisation, the average rent for the nineteen centres out-performed the average Great Britain rent by 0.6%.
- In the three years after pedestrianisation, the average rental performance of the nineteen centres mirrored that for Great Britain as a whole.
- This suggests that pedestrianisation has failed to improve rental performance relative to the National average.
- Therefore, the main benefits of pedestrianisation are non-economic.
- Is it therefore, financially prudent for retailers to contribute towards the costs of implementation?
- Centre rents fell relative to the National average in the first year of pedestrianisation, but then picked up to reach the trend at the end of the year two,

post pedestrianisation. In year three, the performance of centre rents matched the average Great Britain rent.

- The pattern in newly pedestrianised centres indicates that 'buy' and 'sell' opportunities for real estate investors requiring income growth may exist during the years immediately after pedestrianisation.

Source: adapted from "How to Get Pedestrian Rental Growth" 1995, a report published by Colliers Erdman Lewis Research & Consultancy, London.

From an investor's viewpoint, the report concluded that in terms of income growth, the best time to acquire prime high street shops is twelve months after pedestrianisation. At this point, rental growth will out-perform the national rate. Afterwards, rental performance will return to normal levels and, therefore, a quick disposal will be necessary in order to maximise income returns. This improvement in rental performance is only effective for a short period and is marginal in extent. Hence a long term investor should ignore the effects of pedestrianisation.

It is questionable therefore as to whether schemes of pedestrianisation should be funded by the private sector. If the main benefits are non-economic, i.e. it improves the overall physical appearance, improves the environmental quality and improves consumer safety, should it be the responsibility of the private sector to fund? In conclusion, as regards secondary streets, those that are close to the High Street may benefit enormously; however the more local streets could decline due to reductions in critical mass. In general, pedestrianisation has overall benefits. For secondary streets it is important that there is a critical balance between pedestrianisation and traffic calming measures.

### **5.7 Planning Policy Vs Reality**

In the granting of planning permissions for residential development in secondary areas, many developments were given approval on condition that the development made provision for retail units at ground floor level. The main reasoning behind this thinking by the Planners, was their perception that such provision would revitalise the retail portion of secondary streets. This in fact is an example of a supply-led push to

restore shopping and could be regarded as somewhat naïve as it ignores market demand for ground floor shopping, regardless of the location of new residential developments. Unless developers can receive planning permission to convert to alternative use, units are left vacant with the consequent economic loss. Obviously to a certain limited extent there is a demand for retail activities in some of these areas. However, because there are often many apartment developments in proximity to one another, there is not enough demand to warrant ground floor retail use in all developments. This is an illustration that planners' ambitions do not always reflect or accord to market-place realities.

While planners may be trying to protect an area from decline by introducing retail and residential development combined, each development should be examined on its own merits. A general policy should not be applied and planners need to consult market practitioners, in order to confirm appropriate locations for the application of such conditions.

**Policy S16:** It is the policy of Dublin Corporation that proposed commercial development, where appropriate, will incorporate retail units, residential units, employment units and entertainment/cultural facilities within the design. This mix of day and night time use adds vitality and is in line with the concept of sustainability. The non-residential units will be so designed and finished as to protect the amenities of the residential units. Non-retail uses are permissible, provided that at ground floor level they do not result in a predominance of non-retail frontages on the street or in the centre, that they are not grouped together in one part of the shopping street or side in a continuous frontage and that the ground floor elevation is designed as a shop front with the provision for a window display. (Draft Development Plan for Dublin City, 1998).

Every scheme has to be viewed in its own right. There is no point in having an over supply of vacant units in the market, which is what the planners are trying to combat in the first place. Unless there is enough demand for units, the policy will not be successful.



## **5.8 Urban Renewal & the Secondary Street**

Urban Renewal schemes were introduced into Ireland following the implementation of the Finance and Urban Renewal Acts in 1986. The core objectives of the schemes were to promote urban renewal and re-development by promoting investment by the private sector in the construction and re-construction of buildings in designated inner city areas (Study on the Urban Renewal Schemes, December 1996, KPMG.) Urban Renewal became an important issue for secondary streets when changes were introduced in the 1994 scheme. This 1994 scheme was called the “Living over the Business”. Under this scheme a new classification was introduced which has become known as the ‘designated street’. Four streets or parts of streets were designated. The definition of designated streets relates only to the part of the street that lies outside of the designated area. The streets included were as follows:

- South Great George's Street
- Capel Street
- Western end of Thomas Street
- Southern end of Meath Street

The idea behind this scheme was to improve the upper floors on all of the streets. In theory the ‘Living over the Business’ scheme is a good concept and should work effectively; however it failed to make a significant impact. The main intended advantage being of course that it would substantially improve the upper floors of buildings in secondary areas, which traditionally are in poor condition. The objective of the scheme was to encourage investment within secondary areas and improve the areas as a whole. The reasons why the 1994 measures were unsuccessful were:

- Shopkeepers in the main are not developers and hence the logistics of re-developing vacant upper floors for residential accommodation are daunting to the uninitiated given the physical work involved, lease structures, costs and the requirements to comply with statutory regulations.
- Stamp duty is payable by purchases of refurbished property and the first time buyers grant is not available, hence the attraction is limited to potential buyers.

- While building work is in progress it may detract from the shop keepers business.
- In some cases in terms of unit width, retail space may have to be relinquished in order to accommodate access for the tenant. Shop keepers are reluctant to give away this space.
- Incompatibility of uses - many believe that living over a shop was a nuisance and vice versa. The measure assumed, unrealistically that all said shop keepers would be potential owners or occupants of the upper floor accommodation.
- In many cases the Landlord was not the shop keeper. This may cause potential problems regarding the lease of the shop if the upper floors are to be disposed.

Source: adapted from the Study on the Urban Renewal Schemes, KPMG, 1996.

Shop keepers need to be made more aware of the scheme and the benefits that it can bring to them by refurbishing their vacant upper floors. In turn this upgrading would improve the overall perception of the street and such enhancement would then encourage people to shop. In its 1998 Draft Development Plan, Dublin Corporation continues to support the scheme and is examining the difficulties encountered over the period that the provision has been in place. This is evident in Policy R5 of the 1998 Plan as indicated below.

**Policy R5:** It is the policy of Dublin Corporation to actively support the proposals which retain or bring upper floors above ground floor commercial premises into residential use, where appropriate. The Corporation in association with other bodies is committed to overcoming the difficulties encountered to-date in implementing this scheme.

Planning in general is a very complex area and retail planning even more so. The Retail Guidelines which are due to be implemented over the coming months will indicate exactly how out-of-town shopping should be dealt with. This should benefit the town centre to a certain degree. However, exact definitions of certain factors should be specifically laid down within the guidelines to avoid confusion at the planning stage in relation to such factors. Here, the author refers to stated definitions for gross and net areas, how extensions are dealt with under the guidelines etc.

Dublin Corporation needs to implement the policies as stated in their Development Plan over the next five years. Priority should be given to items such as traffic calming, car parking and pedestrianisation within the City Centre. The concept of 'need' with regard to retail development should be examined. It needs to be established whether further retail development is warranted. The new planning guidelines in relation to retail development are welcome and a sign that planning is moving forward. Perhaps there should be guidelines issued in relation to the City Centre.

**Chapter Six**

**How the Economic Cycle Impacts on the  
Secondary Street**

## **6.0 Performance of the Economy**

The economic performance of the country has been briefly discussed in chapter one. The author now intends to examine the growth rate to explain how it affects the fortune of the property market and specifically the retail market. The last five years (1994-1998) have proved to be a very prosperous period for the Irish economy. Current projections from the ESRI suggest that the Irish economy will grow by approximately 5.5% in 1999, with a growth level of 5.3% per annum in the period 2000-2005 falling to 4.3% per annum in the following five years (Marian Finnegan, Economist, DTZ Sherry Fitzgerald, Forward Property Conference, 1999).

The volume of GNP is estimated to have risen by as much as 8.25% last year, a strong performance even by recent historical standards. Some deceleration is likely this year but growth seems set to remain robust with GNP projected to increase by 6.5% in real terms. (Central Bank Report, Spring 1999). Domestic demand has contributed very significantly to growth in recent years. A major driving force has been the rapid growth in personal consumer spending. This has reflected a combination of strong income growth – due to increased employment as well as higher real earnings and declines in personal income tax – and a tendency for savings to fall as a proportion of disposable household income. (Central Bank Report, Spring 1999).

Unemployment is down from 15% in 1992 to 7.85% in 1999. (ILM Research, Central Bank, CSO & BPH, [CRUBE@DIT.ie](mailto:CRUBE@DIT.ie)). The unemployment level is expected to fall further to c.6% by the year 2000. Employment growth is expected to be 2% for the first five years of the next period (ESRI, 1999).

The population has increased to 3.705 million by April 1998. This must be compared to 3.55 million in 1992 and a forecast of 3.753 million in 1999. Ireland now has a young profile as regards its population. This is a combination of the high birth rate and recent economic prosperity. Many people who emigrated during the 1980's have returned to Ireland, which has placed pressure on the housing market. The success of many foreign multi-nationals who have set up throughout Ireland have created

employment in many areas and provided jobs for many of the workers who have returned.

Interest rates are low and very favourable and inflation is forecast to remain within the criteria for Monetary Union next year. The savings ratio for 1998 was down to 8.4% from 12.5% in 1992. Bank lending has increased from 9.1% in 1992 to a staggering 30.5% in 1998.

In percentage terms, the volume of consumer spending rose by 6.3% in 1997 and rose further to 8% for 1998 (Central Bank Report, Autumn 1998). In the Spring 1999 Report an index of the volume of retail sales is constructed with 1990 representing the base year of 100. The index illustrates that the volume of retail sales to December 1998 was 143. This equates to an eight-year growth rate of 43%. The volume of retail sales for 1998 as a whole grew by 8.8% compared with 1997. The volume of retail sales grew by an average of 9.7% year-on-year over the first nine months of 1998. Consumption grew by as much as 8.5% in real terms in 1998. The volume and value of retail sales are an indication as to the performance of the retail sector. Retail sales have a direct effect on the market. The demand encourages further development and investment in the market. The prospects for 1999 are for further strong growth in consumer spending of c.8.25% in volume terms. (Central Bank Report, Spring 1999).

Significant new construction schemes are in the pipeline for 1999. A £30million extension is planned for the Square in Tallaght. It will provide 9,290 sqm (100,000 sqft) bringing the overall shopping floor space to 65,030 sqm (700,000sqft) for this one centre. Retail floor space in the City Centre will further increase with the development of the shopping centre on O'Connell Street and the expansion of the existing Ilac Centre. The O'Connell Street centre will add an extra 46,450 sqm (500,000sqft) to the shopping environment within the City Centre. Businessman, Garret Kelleher, has just recently received the go ahead for his £60million hotel and retail development at the junction of Parnell Street and Moore Street. The development will comprise a 180-bedroom hotel and 8,361 sqm (90,000sqft) of retail

floor space. The development is to link with the proposed shopping centre on the Carlton Cinema site on Upper O'Connell Street, as discussed above.

In general the improved economic prosperity of the country has filtered through to all sections of the retail market. This has led to increased activity in the market. The same principle is evident on the secondary streets. Competition has increased within the market place. High quality retail investments are in short supply. The increased presence of British multiples, as a result of favourable economic conditions, has increased competition as such multiples have driven up property values.

### **6.1 Effects of an economic boom on Secondary Streets**

As the economy is booming, all sectors of the property market enjoy the advantages that extra wealth generates. There is more money readily available and in circulation which facilitates investment and development. Construction sites are busy, employment increases and the general level of wealth and standard of living rises. The spin off effects for the secondary streets is evident. Vacancy levels continue to drop; then owner-occupiers have a little extra capital to upgrade and refurbish their outlets, thus improving the overall public's perception of their outlets. The prime retail areas thrive and this phase is characterised by high rents, increasing premiums, falling yields, increasing demand and a shortage in the supply of retail property. Investors are obliged to focus on other areas other than the prime market. Their next source of interest is the out-of-town developments. Thereafter, the next worth considering are secondary retail areas.

There has been an increase in general in the level of private investors within the property market. *"Private investors and business syndicates were again the dominant force in the commercial property sector this year, far out-spending the institutions and pension funds in a fast growing market. Private funds accounted for £467 million in investment deals, while the institutions spent £148 million, much of it on pre-funding speculative developments"* (Jack Fagan, The Irish Times, December 9<sup>th</sup>, 1998).

Private investors are active in the secondary market. This is confirmed by the questionnaire survey carried out by the author. The questionnaire survey established that private investors comprised almost 42% of landlords who owned buildings on secondary streets. This is compared to almost 17% by the investment institutions. The high capital values within the prime retail market will keep individual investors out unless they have vast amounts of capital available to them. Since the Bacon Report (1998), more private investors are likely to have switched to the commercial market. Secondary retail property would be the ideal investment.

Demand for trading outlets on secondary streets has increased at a rapid rate. This is reflected in the increase in values that has taken place, particularly since 1994. Rents have risen dramatically, yields have dropped and there has been a return to the payment of premiums for units on secondary streets. Demand and increased competition is pushing up capital and rental values which is having a positive effect on the market. Rental growth levels of up to 75% have been recorded over the last five years for some buildings on secondary streets, in many cases outperforming the prime areas (Semi-structured interview, Mr. Ian Johnston, 1998)<sup>20</sup>. The main reason for this is that secondary streets have emerged from a lower baseline of values and rents. They have been affected to a greater degree than their prime counterparts and hence in effect much less movement is needed in order to generate the re-birth or revitalisation of such streets.

## **6.2 Implications of a downturn**

Obviously if recession hits an economy all locations begin to suffer. It will hit particularly heavy if the previous years were dominated by steep growth rates. The better the economy performs, the harder it is to face recession when it arrives. At first glance the retail sector of the property market would appear to be most at risk during an economic recession. There is a marked difference in the degree to which, say a unit in a secondary poorly located shopping centre is affected compared to a unit on one of the prime high streets.

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<sup>20</sup> Mr. Ian Johnston works with BIAM. An interview was carried out on the 17<sup>th</sup> of April 1998.



The out-of-town centres are probably the first to feel the downturn followed by City Centre locations. Out-of-town shopping is linked to leisure shopping. Families take a trip to the centre on Sunday afternoon and perhaps mix shopping with a visit to the cinema. During recession customers are more likely to save disposable income and these trips out-of-town become less frequent.

The City Centre is probably next to feel the effects of a downturn. This must be distinguished between the effects on prime areas and secondary areas. The degree to which they are affected as mentioned previously vary substantially. One of the most important factors that must be considered is the quality of the tenants in each location. Prime streets are classified as those where multiples and large department stores locate. Hence tenant quality is of a high standard. Their ability to withstand a period of economic recession will be greater than the smaller independent traders located on the secondary streets. It is the secondary units in poor locations and the weak shopping centres that “go to the wall” (Cooney, Brian. 1997).

The first indicator of a downturn in the retail market would be a fall off in retail sales. If interest rates rise, as inevitably they will early in a recession, then bank lending falls and the savings ratio increases. This results in less disposable income at hand as consumers begin to save for a ‘rainy day’. Therefore, one can conclude that in a recession, the two prime streets are less likely to suffer to the same degree as secondary suburban shopping centres or secondary high streets. This needs to be examined in more detail. The author will divide the next section into the specific effects of the economic cycle on prime and secondary streets.

### *6.2.1 Prime Streets*

Prime streets are characterised by multiples, department stores, high rents, capital values and substantial premiums. When a recession arrives, prime streets are still characterised by multiples and department stores but rents, capital values and premiums will begin to fall. Many of the stores will experience a fall off in sales, however the majority of the stores are international retailers and hence losses made in one country can be offset by profits made elsewhere. Smaller traders who operate on

such prime streets due to adverse economic conditions will, however, be forced to find alternative accommodation. At this point, they will be satisfied with premises on secondary streets. In years gone by, many traders have left the prime streets in favour of a secondary location. Examples include O'Connells fish shop which was located on Grafton Street for many years. It has since moved to a unit in Royal Hibernian Way.

Secondary streets have a vital role to play in providing accommodation to such businesses during an economic recession. Many of these independent traders will have built up good levels of goodwill and hence a change of location will not result in a loss of retail sales. Therefore during periods of economic recession, secondary streets play a crucial role in providing outlets for businesses, who through no fault of their own are forced out of prime areas.

In relation to the prime streets, the traders usually will be strong enough to withstand an economic recession. The only danger with prime streets is the level of UK multiples. Over the last three years there has been an increase in the influx of UK multiples. When the Irish economy reaches recession the UK multiples tend to retreat to home territory. From this perspective it will be the prime areas that will suffer. There is the possibility that vacancy rates will rise.

#### 6.2.2 Secondary Streets

The degree to which secondary streets can cope with a recession will depend upon the classification of the secondary street. It is necessary to examine, therefore, the effects of an economic recession by category of the streets. As the prime secondary category of streets have developed and improved, they have attracted many international retailers. Wicklow Street was used as an example earlier in the thesis. If these retailers cannot continue to exist profitably, they will inevitably consider closing down. Hence the prime secondary streets will suffer. It has already been discussed that prime secondary streets offer goods accommodation to those businesses forced to leave the prime area. In theory, any business which closes down on a secondary street will be replaced by some businesses which have been forced to move from the prime area. During periods of recession, rent and rates become too expensive for certain outlets on prime streets, hence retailers must seek alternative accommodation. A secondary

location just off the prime pitch is then a viable option. An example of an outlet that moved from a prime location to a secondary location was O'Connells fish shop. The outlet operated from Upper Grafton Street and was forced to relocate to an outlet in the Royal Hibernian Way (a secondary location). This example has been used previously.

Local type secondary streets will also be affected by recession. In this regard, however the degree to which the streets are affected may not be very severe. The reason being that local type secondary are important for local communities to shop and visit. While levels of growth and disposable income will change, customers will still require certain goods which will have to be purchased. While such streets may not be as busy as if in a booming economy, the products sold will still be required and demanded.

It is those secondary streets which combine to form category C, i.e. bordering on tertiary, that will suffer to the greatest extent. These are streets that have not responded to change even during an economic boom. Hence, during a recession they will not have the ability to withstand and will suffer a loss of traders.

As mentioned earlier, some secondary streets are specialising in quasi-retailing. The quasi-retailing is in the form of restaurants, cafes and bars. This is an area which will suffer to a great degree. Quasi-retailing is highly dependent upon levels of disposable income. During periods of high interest rates quasi-retailing may suffer as levels of disposable income are curtailed as people concentrate on savings. A street which concentrates in quasi-retailing will be enormously affected in such circumstances. Closures of such restaurants, bars and cafes are inevitable. When the country comes out of recession, re-opening of such places becomes commonplace.

### **6.3 The Effects of Prime Streets on Secondary Streets**

To a certain extent the effects that prime streets have on secondary streets will be determined by the economic cycle as discussed in earlier paragraphs of this chapter. During the peak in the economic cycle, the success of the prime streets will have

significant spillover effects for the secondary areas. This is an evident trend in the market at the moment. It is during this time that the 'prime secondary' areas can move or have the ability to move up the retail hierarchy. A good example of such a street is Lower Liffey Street. Two major stores, Arnotts and Marks & Spencer now have a substantial frontage onto Liffey Street. In many cases in good buoyancy periods such streets can be viewed as an extension of prime streets.

Trends on prime streets to a certain degree will have a knock-on effect on secondary streets. This is evident through the concept of specialisation on secondary streets. Here, the author is referring to the provision of restaurants and cafes. Prime streets by their nature contain few eating establishments. Generally, they are located within stores. When shoppers travel to town, they want to be able to stop for lunch and hence secondary areas close to prime can provide relaxed outlets where shoppers can take some time out. South Anne Street and Powerscourt Town House Centre are well known for places to dine.

While trends are not necessarily mirrored on secondary streets, it is correct to say that the streets are complimentary. Secondary streets are unlikely to ever attract department stores or large multiple traders by the very nature of the size of their units, hence responding to trends from the prime sector will contribute to the further development and enhancement of secondary retail environs.

*"As the retail market has greatly improved in the last couple of years, the core retail area has expanded out to South Anne Street and Wicklow Street, units frequently change hands for £100,000. Premiums on the street have doubled in the last year. The prognosis for Wicklow Street and South Anne Street is very good and Grafton Street is very healthy", ('The Grafton Street Effect', An Irish Times Article, James Connolly, November 12<sup>th</sup>, 1997).*

#### **6.4 Advantages of Secondary Streets**

The main advantage of secondary streets are in the form of the opportunities that they offer to less well capitalised businesses. Smaller retailers will not have the financial

backing to compete for pitches on the prime thoroughfare. Secondary streets provide good outlets at affordable rents for such traders. In the questionnaire survey many retailers were pleased with their location as they were of the opinion that the trade-off between lower passing trade and lower rent and rates were worthwhile. If they located on a prime street they would have significant volumes of passing trade but would be paying high rent and rates. By operating on a secondary street, passing trade is lower but the benefit of lower rent and rates far outweigh the low passing trade.

Secondary streets also offer advantages to the private investor who wishes to become involved in the retail market. Private investors are priced out of the prime retail market but have the ability to become actively involved in the secondary retail market.

### **6.5 Vacancy Levels**

Vacancy levels within the retail market are a good indication of the performance of the market in varying circumstances. Good economic conditions generally mean very low vacancy rates. Grafton Street and Henry Street even during economic recessions tend to have no vacant premises or at the very least low vacancy levels. The secondary streets on the other hand enjoy low vacancy levels during economic booms but these levels do rise as economic performance deteriorates. Vacancy levels for 1996, 1997 and 1998 are illustrated on the following page.

**TABLE 9: Vacancy Levels on Prime & Secondary Streets**

<b>Streets</b>	<b>No. of Units</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>
Talbot Street	92	9.8%	12.0%	7.6%
North Earl St.	21	4.8%	0.0%	0.0%
Capel Street	95	25.23%	25.23%	18.9%
South Anne St.	29	0.0%	3.4%	3.4%
Nassau Street	28	3.4%	0.0%	0.0%
Wicklow Street	28	3.4%	0.0%	3.6%
Dawson Street	41	4.9%	4.9%	4.9%

Camden Street	63	22.22%	15.9%	4.8%
Grafton Street	119	1.7%	4.2%	0.0%
Henry Street	62	3.2%	3.2%	0.0%

Source: Results from research by author in preparing the questionnaire survey distributed in 1998.

High vacancy rates were always perceived to be a problem associated with secondary streets. The table above indicates the levels of vacancy over the last three years. It should be noted that the column entitled 'No. of Units', refers specifically to retail uses i.e. it does not include dead retail frontages such as banks etc. The highest vacancy levels recorded over the three years are Capel Street, Talbot Street and Camden Street, although it can be noted that levels for all the streets are falling. Vacancy levels are related to the category of secondary streets, which is also evident from the table. The more 'prime secondary' a given street is, its status improves and the lower the vacancy levels become.

The vacancy levels on Camden Street have fallen dramatically over the last three years. This can be mainly attributed to the refurbishment and re-development on the street, which has led to developers acquiring multiple units for re-development purposes. Since the Integrated Area Plan was introduced on Talbot Street, many developments are beginning to take place. In coming years, the vacancy rate should drop somewhat. This should also be the case on Capel Street as further development takes place. Capel Street has always suffered from high vacancy levels.

In 1989, the vacancy level on Capel Street was at 25.5% of the total number of ground floor units. This has fallen very slowly over the intervening nine years to 1998, where it stood at 18.9%. It was noted in 1989, that if the street was to be revitalised this problem needed to be tackled urgently so that Capel Street could retain its position in the retailing hierarchy (Secondary Streets, A Survey for the DCCBA, January 1989). In 1989, the proposals for the Jervis Street Shopping Centre were only in the pipeline. The study hoped that if the centre went ahead, it would shift the focus of retailing further down Henry Street towards Mary Street and may have a positive effect on Capel Street. Ten years later, the centre is open and while it has shifted retailing

towards Mary Street, Capel Street has not had any perceptible benefits conferred on it. The main reason being that retailers on the street have not changed significantly to respond to altering market trends. Vacancy levels will continue to fall but only as a result of developers acquiring additional sites and re-building.

The other 'prime secondary' streets; here the author refers to Wicklow Street, Dawson Street and South Anne Street are performing quite well. There is good demand for units in such areas and hence this will result in low vacancy rates. Of course the prime streets will always have low levels of vacancy due to the demand factor and shortage of supply. Premiums paid for retail property must be related to vacancy levels. The fact that investors are willingly to pay premiums for units is an indication of the level of demand and hence no unit will be left vacant for very long if left vacant at all.

## **6.6 Conclusion**

To conclude this chapter, the author wishes to reinforce the fact that an improved economic performance will filter through to the property market and thus the secondary retail streets will of course benefit. The growth in the economy will lead to greater disposable income for consumers, which will result in an increase in retail sales. Prime streets will boom and secondary streets will ultimately benefit from the spin off effects from the prime areas. Periods of economic growth are reflected in the property market by high capital values, premiums and falling yields. This is true for all sectors of the retail market. Therefore, during periods of economic growth or in other words when the economy is at its peak in the economic cycle, it has a substantial effect on the performance and continued success of the secondary retail market.

At the other end of the economic cycle, it is fair to say that all areas are affected. The retail market is probably affected to a greater degree than other areas or sectors of the market. During periods of economic recession, it was commonly accepted that secondary streets declined. It is fair to say that what is most important during this time is the quality of the tenant. The tenants' ability to withstand an economic recession will ultimately determine the extent to which an economic recession will affect

secondary retail streets. The secondary streets in terms of tenant quality have improved and thus during the next economic recession, such streets will be affected to not greater degree than prime areas.

Chapter eight illustrates rates of returns for secondary and prime property during both economic booms and recessions. It is evident from the various tables that secondary areas still perform well in comparison to prime areas during a period of recession. It is apt, therefore, to conclude that the economic cycle has powerful affects on the market. During a boom, the secondary market dramatically improves, however, during a recession, indications of returns illustrate that secondary retail is still a viable option.



## **Chapter Seven**

# **Town Centre Management**

## 7.0 Introduction

At this point the author has described and analysed the state of secondary retailing within Dublin and the effects of issues such as planning and the economic performance of the Country on the secondary market. It is important to examine current trends and future trends in terms of their impact on the City Centre and its retail environs. Hence, the author now intends to examine on an in-depth basis the concept of Town Centre Management and how it has begun to play an important role in maintaining the vitality and viability of Irish Town Centres. This chapter will include how important Town Centre Management is for secondary streets to ensure that they continue to develop and improve to become more attractive retail environs.

With the substantial increase in the volume of out-of-town centres, it has resulted in increased competition between retail locations. This means a greater choice for the consumer. Choice for the buying public, means competition, *REAL* competition for our traditional town centres (Womack, Ian, 1996). The advantages of the out-of-town centres have been very well documented and advertised, especially over the last few years in Ireland, with the opening of the Blanchardstown Centre and more recently the Liffey Valley Centre. Advantages of the out-of-town centres include the following:

- Located within easy reach of all households
- Car parking is free and in abundance
- They offer a substantial variety of shopping outlets
- Safe shopping environment
- No illegal trading
- Inclusion of leisure activities

The main disadvantage that the Town Centre has is that of traffic congestion and car parking. The situation has deteriorated over the last three to four years. This is an area where Town Centre Management can assist. It is important however to set out the advantages that the Town Centre has to offer, despite its car parking and traffic congestion problems. These advantages can be summarised as follows:

- Diversity

- Real speciality shopping
- Inherent strength
- Critical Mass
- Quality ambience
- Variety of activity
- Tradition
- Culture

The main role of cities is to be a focal point for society, places to meet people to come together for trade, work, education, socialising and worship. Public and private transport still concentrates on getting people in and out of cities and between them (Smith, Paul, 1999). The role has been challenged due to the shortage of available land for large-scale development within Town Centres. The alternative of developing in Town Centres has been much more difficult due to the cost of land, its manifold and varied ownership structure, the need for a higher quality of architecture and conservation of existing buildings. Most cities have street patterns that predate the mass car ownership based on Roman, Georgian or Victorian concepts of street configuration (Smith, P., 1999).

The out-of-town shopping centre developments in many cases are aesthetically poor and sterile environments, although this has improved in recent years with the development of The Square and the Blanchardstown Centre. However, the critical mass and ambience associated with the Town Centre is missing but the big attraction is the abundance of free car parking. The City Centre therefore needs to react positively and this can be done through various policies of Town Centre Management.

### **7.1 Definitions of Town Centre Management**

Town Centre Management has been defined in many ways but the underlying principle is common between all definitions. Definitions include:

- 1) Town Centre Management is a comprehensive programme by public authorities, private sector interests and voluntary organisations, which aims to improve the

standards of facilities, environment, convenience and safety in Town Centres. (Royal Institution of Chartered Surveyors, RICS).

- 2) Town Centre Management is the effective co-ordination of the private and public sector, including Local Authority professionals to create in partnership, a successful town centre building on full consultation. (Association of Town Centre Management, ATCM).
- 3) A comprehensive response to competitive pressures, by the Local Authority and the private and voluntary sectors in partnership, which involves development, management and promotion of Town Centres. (Baldock, J., 1999).

All of the above definitions recognise that TCM is necessary in the face of increased competition in order to ensure that Town and City Centres remain viable. TCM in many different formats has been in existence for many years in the US and UK and it has been very successful in revitalising towns and cities in many parts of the UK in particular. If these experiences are examined and effects of before and after are analysed, it is a clear indication of the benefits of TCM (Bradley, 1997).

It must be recognised that town centres have a capacity to achieve higher levels of success through an effective partnership organisation and strategic intervention with appropriate resources, increasingly contributed by the private sector. The case for private sector intervention exists as the overall improved Town Centre through partnership will result in increased benefits for all parties concerned. The Local Authority, through budgets and financial constraints, are unable to solely provide TCM. It must be a joint venture to ensure success. If policies are to be successful there needs to be a genuine effort from all parties who enjoy a shared vision and commitment in bringing about an improved Town Centre.

## **7.2 The Private Sector View**

In the UK, traditionally the private sector consisted mainly of retailers who wished to support the Town Centre. Boots and Marks & Spencer became to the pioneering retailers who financially gave their support to systems of TCM. Private sector investors are looking more favourably in recent years but if they invest they demand

to see changes quickly. Many are reluctant because they feel that they are just increasing the size of Local Authority funds and perhaps in a few years the Local Authority will actually be in a position to produce or provide a service by way of TCM. Private investors want action. Baldock (1999) summarised the attitude of the private investors excellently, when he stated what the private sector want from TCM. They include the following:

- There must be early benefits in contributing.
- The Local Authority must be willingly to reconsider its town planning and other policies, where these conflict with the needs of potential commercial partners.
- The Local Authority must be willingly to change its corporate culture regarding the way in which it organised and delivers its services, if this is necessary to attract private sector support or improve the quality of TCM.
- The Local Authority might need to retarget or increase its town centres funding, in order to lever in private sector investment and sponsorship.
- The Local Authority will be expected to devolve some power to the partnership - of which it is a part.

Overall, it is fair to say that if the private sector is to become involved with TCM, they want to have a direct involvement in the operation of such policies. This may put pressure on the Local Authority who traditionally has a monopoly on the operation of certain measures. However, it should make for an overall improved Town or City Centre which is one of the aims of TCM at the outset.

### **7.3 Town Centre Audit and Action Plan**

A town centre audit is an essential element in the preparation and introduction of a policy of TCM. The purpose of the audit is to assess the real needs of the Town Centre. It is only when the needs of the Town Centre have been clearly identified and understood that formal solutions can be devised. The information that needs to be available after the audit includes the following:

- An exact position of where the Town Centre lies in relation to its neighbours and all other external competition.
- Its position within the retail hierarchy. Obviously the higher order town centres need and have to maintain a much wider range than smaller lower order centres as they have a smaller population and a different retail function.
- A review of existing shops and services.
- A survey of the needs of existing retailers.
- Shopping catchment area research.
- An Assessment of the need and potential for improvement or development of culture, leisure, entertainment and community facilities.
- Identification of sites within the City Centre which could be used for the development of requirements mentioned above.
- Road accessibility and car parking.
- Public transport.
- Safety and security.
- Quality of environment.
- Shoppers attitudes and requirements.

Source: Adapted from 'Guidance Notes – Establishing Successful Town Centre Management', ACTM 1995 and 'Principles of Town Centre Management', Baldock, J., 1999.

The audit is a comprehensive understanding of the volume of the requirements of individual towns and cities and hence every audit will be different. Following the preparation of the audit, it is usual for a SWOT analysis to be undertaken. This will detail strengths, weaknesses, opportunities and threats. It will be as a result of this that objectives and an action plan can be devised and implemented. Some of the issues that may arise as a result of the SWOT analysis will include some or all of the following:

- Access, signs and car parking
- Pedestrianisation
- Park and Ride

- Public Transport
- Traffic calming
- Traffic Management
- Environment
- Streetscape
- Urban Renewal
- Economic Regeneration
- Recycling & Waste Management
- Funding
- Security
- Marketing & Promotion
- Effective Partnership

There are of course many more issues, which arise and are of importance, however the author is of the opinion that the above are the crucial factors which need to be dealt with as a result of the SWOT.

The objectives of policies of TCM need to be SMART, i.e. specific, measurable, achievable, realistic and timely (Hirst, John., 1998). These objectives should be clearly stated within the Town Centre Action (Business) Plan. In relation to the objectives, for the most it is important that they are capable of being measured or otherwise it is impossible to establish whether TCM has been successful. Benchmarking and monitoring are essential elements in ensuring the success of TCM. The ACTM in the UK are currently devising key performance indicators which should allow a more efficient monitoring system to take place. Likely key performance indicators include the following:

- Combined sales performance
- Pedestrian flow
- Car park and public transport
- Zone A rents
- Occupancy rates



- Crime statistics
- Employment & business growth figures
- Customers/user perceptions

TCM can therefore be described as having four stages:

- 1) Establish an effective Town Centre Partnership.
- 2) Complete a Town Centre Audit – a team of professionals may be employed to complete this task.
- 3) Prepare an Action Plan. This should list/detail the SMART objectives and make provision for benchmarking and monitoring.
- 4) Implement the Action Plan which should be done through partnership.

#### **7.4 Obstacles to Success**

At this stage it appears that once the above four stages are undertaken and implemented TCM will be very successful. It is, however, important to note that there are obstacles which can hamper the success of schemes. These are important to understand and examine in order to ensure that they are limited. The obstacles to success can be summarised as follows:

- 1) Lack of commitment by Local Authority. The Local Authority can be viewed as the most important organisation because of its Statutory powers, land ownership and the fact that it already has the responsibility to provide many services.
- 2) Lack of funding. At the outset some initiatives under TCM will require expenditure. The funding for such expenditure may be difficult to find because as mentioned previously the private sector wish to see results from the outset. Some initiatives may be self-financing; for example a car park may indeed pay for itself through extra car park income. Other initiatives may require no cost. A good co-ordinated policy on traffic management will require no funding, as co-ordination is the key.
- 3) Local Authority may view TCM as being a method through which support can be gained from the private sector without having to provide additional or improved services. If this is the case the private sector will receive no benefits as a result of their contribution.



- 4) Unless a co-ordinated programme and approach is implemented the benefits of TCM will not be great. Obviously uncoordinated programmes will achieve some improvements but in the long term this will not be as great as if a comprehensive co-ordinated approach was adopted from the outset.
- 5) Lack of a shared vision. This shared vision into what the Town Centre can achieve and become is crucial. In order to achieve this new vision a new strategic approach is sometimes needed. Some parties to the Partnership may have the potential to severely curtail TCM. The Local Authority can, if committed, achieve much but will be curtailed by funding constraints.

The above obstacles are to be expected with issues such as TCM, however if approached cautiously at the outset, such problems can be dealt with effectively.

### **7.5 Systems of Town Centre Management**

There are various systems or methods through which TCM can be implemented. It will depend entirely upon the requirements of every Town Centre and City Centre. The following are a list of models of TCM which have been formulated by Boots Properties:

Model 1: Town Centre Management Initiative

Model 2: Shared Town Centre Manager

Model 3: Town Centre Manager

Model 4: Town Centre Manager employed by a Chamber of Commerce

Model 5: Town Centre Manager (Private Sector/Public Co-ordinator)

Model 6: Local Authority appointed Town Centre Manager (Private Sector Seconded working with the Private Sector)

Model 7: Local Authority Officer working with Private Sector

Model 8: City Challenge – Town Centre Manager

Model 9: City Centre Manager

Model 10: Company Limited by Guarantee

The above models are set out in detail in Appendix D. The above models all have the common threads i.e. Town Centre Audit, SWOT Analysis and Action Plans. The model most suited to the Dublin situation would be Model 9, that is the City Centre Manager.

Another system of revitalising Town Centres which can be viewed, as a new form of TCM is that of BID's – Business Improvement Districts. These BID's have originated in the USA and are based on the concept that retailers and businesses within a legally constituted district pay a special tax to cover the cost of providing facilities or services for which the district has a particular need.

*“A BID is an organising and financing mechanism used by property owners and merchants to determine the future of their retail, commercial and industrial areas. The BID is based on state and local law, which permits property owners and merchants to band together to use the city's tax collection powers to 'assess' themselves. These funds are collected by the City and returned in their entirety to the BID and are used for purchasing supplemental services and capital improvements”, (O'Houston Jr, L., BID's, ULI, 1997). This system has worked very successfully in many States within the US.*

It has been noted by one of the interviewees during the course of this thesis, that BID's is an excellent system and would be very suitable for Dublin. However, the author is of the opinion that retailers, in particular the smaller independent ones would be reluctant to pay another tax as their rent and rates charges are quite expensive already. Perhaps they could not afford the contribution, despite the obvious benefits. Hence, it would be necessary to market the system very well using examples of cities, similar to Dublin, where it is in existence and illustrate the many overall benefits to such cities.

## **7.6 Current Practice in Ireland**

Ireland has been slow to implement and clearly understand the importance of TCM initiatives. The Henry Street/Mary Street Partnership was established in 1994. The

Partnership appointed a Chief Executive, who was to oversee the day to day running and management of the area. The Partnership has been successful on tackling issues such as combating illegal trading, introducing CCTV and currently they are working with Dublin Corporation in improving the environmental streetscape by re-paving the street. The author liased with some of the major retailers on the street and they were delighted with the success of the Partnership. The Partnership, therefore, has been very successful to date.

Other Cities in Ireland have set up TCM initiatives and many are also operating successfully in Northern Ireland, Coleraine being a good example. Cork City Challenge was formed in 1998 and a Town Centre Manager has since been appointed. Galway City has also formed a similar group. Certainly they are all steps forward in the right direction. The necessity to form a more comprehensive TCM initiative building on the success of the Henry Street/Mary Street Partnership for the whole City, is now even more critical for Dublin since the emergence of the mass of shopping developments out-of-town. It is also important to mention at this stage, the role of the Dublin City Centre Business Association and their contribution towards TCM. The organisation has set up various street committees with Area Officers to deal with issues such as refuse collection, street lighting etc. It is important for all of these parties to come together and put forward ideas and objectives for the whole City so that it can become a well managed, organised, attractive retail and cultural environment.

### **7.7 Town Centre Management & Secondary Streets**

It has been illustrated how important the concept of TCM is, the reasons why it is necessary and the benefits it can bring. It is important to realise and understand that it should be implemented as a whole within the City, hence all aspects of the City will benefit. Many people are of the opinion that TCM is primarily aimed at the retail environment, while there are benefits to retailers, it encompasses much more. In fact all areas within the City Centre should benefit.

As this thesis is primarily concerned with the secondary retail environment, it is important to analyse how such an environment can benefit from TCM initiatives. Some of the benefits will include the following:

1. Security – All TCM initiatives will examine security issues within the City Centre. CCTV cameras have in fact been introduced all over the City, which increases the safety of shoppers within the City Centre.
2. Access – This is one of the major areas that are examined during the Town Centre Audit. Accessibility at present is hampered in many secondary streets. A comprehensive TCM strategy should improve accessibility to the City as a whole, which will benefit the secondary streets.
3. Marketing & Promotion – In terms of retailing, Dublin City has a lot more to offer than the just the prime shopping streets. The improvements in the quality of outlets on secondary streets should be considered in conjunction with the marketing and promotion of the City. Quasi-retailing is important. Many Town Centre Managers in the UK to inform people of how their City differs from others use unique Selling Points (USP's). This could be used in Dublin for its secondary streets, in marketing Dawson Street and South Anne Street for example, emphasising their high quality restaurants and cafes.
4. Critical Mass – Successful TCM will increase the volume of people within the City Centre, which will benefit all areas.
5. Car Parking – Improved facilities within the City will benefit secondary areas to the same degree as prime locations.
6. Capital Expenditure – Capital expenditure on development of improved linkages between secondary and prime areas would improve the position of the secondary streets. The public will be more aware of what they have to offer.

In all, TCM initiatives will benefit all areas of the City. Marketing and promotion will be of crucial importance for secondary areas.

### **7.8 Conclusion**

The City of Dublin needs to be examined as a whole on a large scale and not as separate quadrants. Splitting the City into quadrants could result in the risk that some areas could get left behind. A SWOT analysis of Dublin would indicate the strengths and weaknesses of different areas. It is from there that objectives could be set out and a Town Centre Audit compiled. It is very important that secondary areas are included in the overall plan of management. They have a substantial contribution to make to the retail environment, if combined with the prime areas and well managed, Dublin has the potential to excel as a superior City. It certainly would take a considerable volume of planning, which is vital to ensuring a comprehensive action plan through which TCM can be implemented.

Co-ordination is of critical importance from the outset. The DCCBA have included secondary areas within their street committees and so have Dublin Corporation through their Integrated Area Plans (IAP's). There are currently six IAPs in Dublin. The IAP seeks to translate Development Plan policies and objectives into meaningful area-focused strategies (1998 Urban Renewal Guidelines, Dept. of Environment, 1997). Currently, four managers have been appointed to implement the objectives of the IAP and two more managers are in the process of appointment. The IAPs have only been up and running recently, hence they are in very early stages of development. It is time, therefore, for all parties to come together to establish whether through co-ordination the City Centre can be managed as a whole. Timing is critical now with the substantial level of development within the retail market as a whole. Certainly the secondary streets should not be ignored. The benefits of TCM have been clearly stated and now should be a time of co-ordination, preparation and finally implementation.

In order for the Town Centre Management Initiative to be successful, Town Centre Managers must:

- Organise appropriate funding
- Carry out market and consumer research
- Understand the history of the town centre
- Explore the opportunities
- Make better use of existing facilities
- Prepare a realistic business plan
- Address access and transport issues through management initiatives
- Implement small scale as well as large scale management initiatives
- Implement small scale as well as large scale projects
- Adopt lessons from corporate marketing practice
- Compete head-on with out-of-town shopping centres

Source: Adapted from “Town Centre Retailing – A Joint Venture”, John Ratcliffe, FIABCI, Dublin 1997.

## **Chapter Eight**

### **Investment Aspects on Secondary Streets**

## 8.0 Introduction

As a result of the growth in the wider economy, the property market has experienced a period of sustained growth over the past five years. The benefits of improved economic performance have filtered through to all sectors of the market and as a result overall returns to all sectors of the property market have dramatically improved. The current economic climate has been conducive to increased activity in the construction sector and also increased activity in the investment market, by both the institutions and the private investors. Although as mentioned in a previous chapter, the institutions are losing their dominant position in the investment market to the private investors. Overall returns for the property market are indicated in the table below.

**TABLE 10: Market Performance**

<b>Market Performance</b>	<b>1998</b>	<b>1983-1998</b>
All Property	38.0%	12.9%
Retail	34.0%	11.9%
Office	42.4%	15.4%
Industrial	28.9%	12.4%

Source: IPD, 1999

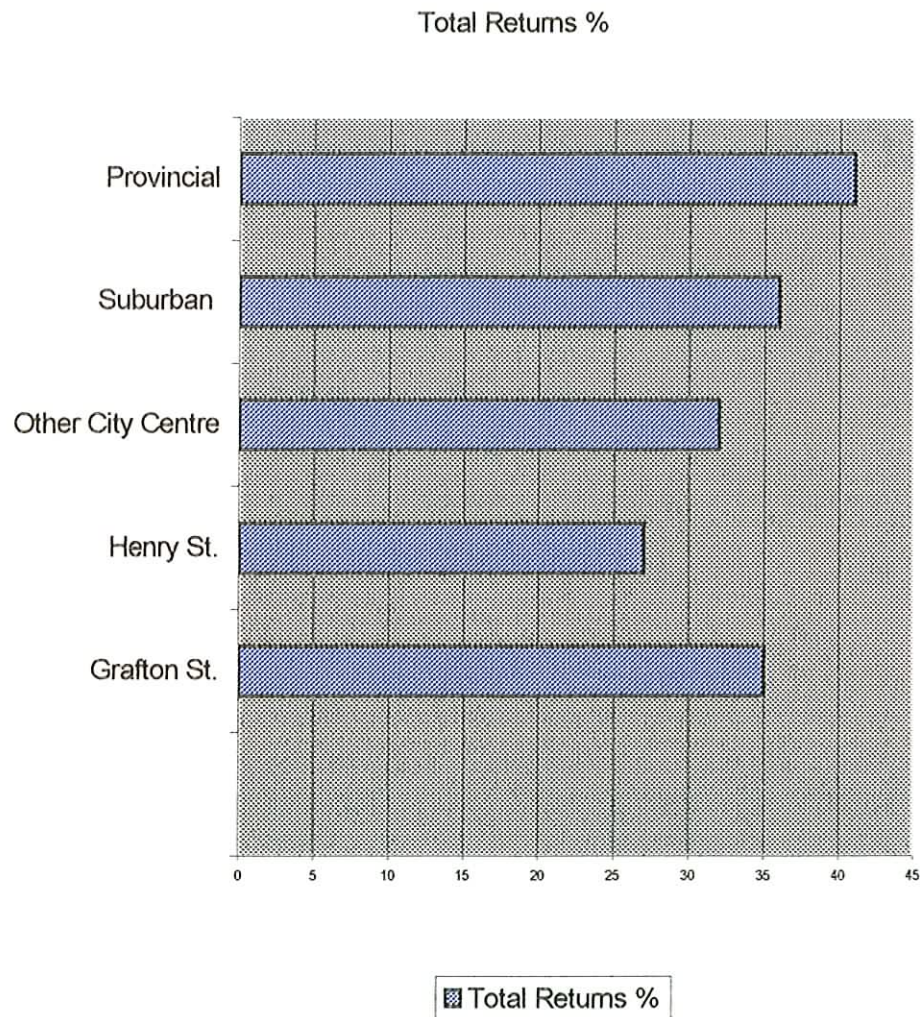
The returns recorded for 1998 have been the highest the country has experienced in over twenty years. There are still no signs of a slowdown or deceleration of growth. The Investment Property Databank (IPD), sub-divide each sector of the property market. The retail sector is divided into five different categories. These categories are as follows:

- Grafton Street
- Henry Street/Mary Street
- Other City Centre Retail
- Suburban Retail
- Provincial Retail



The category 'other city centre' retail contains primarily what the author has classified as 'prime secondary' streets (Semi-structured interview, Mr. Phil Tily, 1999).<sup>21</sup> For the purposes of this chapter 'other city centre retail' will be taken to mean prime secondary retail property as described by the author in Chapter two. The total returns for each sector are illustrated below.

**FIGURE 3: Total Returns % 1998**



<sup>21</sup> Mr. Phil Tily works with IPD in London and is responsible for the Irish section of their portfolio. An interview was carried out on the 5<sup>th</sup> of May 1999.

Figure 3 illustrates that when all sectors of the retail market are considered the category 'other city centre retail' which includes the prime secondary retail streets performs exceptionally well.

One of the disadvantages perceived by investors of investing in property regardless of sector is that it has to be viewed as a long term investment. Generally investors would be required to hold the property for at least a period of 15 years for it to be of any real benefit to them in terms of returns. If this is compared with equities for example, it is unfavourable as most profits from equity investments are made within the short term.

**TABLE 11: Rates of Returns (%) Over:**

	3 years	5 years	10 years	15 years
<b>Grafton St.</b>	<b>22.6</b>	<b>20.7</b>	<b>14.8</b>	<b>14.3</b>
<b>Henry St/Mary St.</b>	<b>21.0</b>	<b>18.0</b>	<b>13.9</b>	<b>11.7</b>
<b>Other City Centre</b>	<b>23.9</b>	<b>19.4</b>	<b>14.2</b>	<b>11.9</b>
<b>Suburban</b>	<b>26.0</b>	<b>22.3</b>	<b>15.1</b>	<b>12.4</b>
<b>Provincial</b>	<b>30.0</b>	<b>23.1</b>	<b>17.4</b>	<b>15.6</b>

Source: IPD, 1999.

What is very interesting to note from the table above is that, overall, the different periods, 'other city centre' retail property compared very favourably with prime retail property and in fact outperforms Henry St/Mary Street. The high level of return (23.9%) after three years for the 'other city centre retail' is probably due to the fact that secondary property is likely to change hands more frequently than units in the prime market. This opinion is justified by the fact that during the interviews conducted by the author, it was a recurring comment made by the interviews. Also if one were to track units in the prime retail markets, it becomes evident that such property is in short supply. Simply retailers are satisfied with their location on the prime pitch and hence units do not change hands as frequently. It seems justifiable that investors who wish to achieve a high return in the short term would purchase a building in a secondary retail location and then sell off the property and invest



elsewhere for another short period. The table on the following page indicates the annualised performance of retail property over the period 1988 to 1998.

**TABLE 12: Annualised Performance 1988 to 1998**

	Total Return	Income Return	Capital Growth	Rental Value Growth	Yield Impact
Grafton St.	14.8	5.5	9.3	4.3	5.2
Henry St/Mary St.	13.9	7.2	6.6	5.4	1.8
Other City Centre	14.2	7.7	6.5	3.5	2.9
Suburban	15.1	9.2	5.9	4.1	2.2
Provincial	17.4	9.0	8.4	8.3	3.0

Source: IPD, 1999.

The chart above illustrates the annualised performance by sector of the retail market over the ten year period from 1988 to 1998. 'Other city centre retail' (secondary retail) again compares favourably with overall returns to the prime retail market. Total returns over the ten years is a healthy 14.2%, which is greater than the 13.9% return recorded for Henry St./Mary St. (a prime street) and just below 14.8% recorded for Grafton Street (again another prime street). Hence, the above returns illustrate that secondary retail property compares favourably with prime retail property.

The 7.7% income return over the ten years is relatively good from an investment point of view in comparison to the other retail sectors. The fall in rental growth to 3.5% over ten years suggests that secondary property is more lucrative to the investor if held for a shorter period of time than the norm. Here, the author refers to five years or less as being an appropriate time frame. This appears to be reasonable having noted in table 11 that the rate of return over three years was greater for secondary property than prime. Therefore, short run returns are best for other city centre retail due to relatively high income and low rental value growth. The fact that returns are greater in the short term, indicate that investors who wish to receive favourable returns over a relatively quick time-scale should invest in secondary retail property. They will

achieve good returns in the short term, can then dispose of the investment and reinvest the proceeds of the sale.

Property should be regarded as a long term investment. The data in table 12 illustrates that over a ten year period total returns are good for other city centre retail property. Another benefit of investing in such property is that a lower initial capital outlay is required. Whereas with prime retail property substantial capital is required to enter the market. The returns, however, for secondary property still are very favourable.

### **8.1 Volume of Investment in Market**

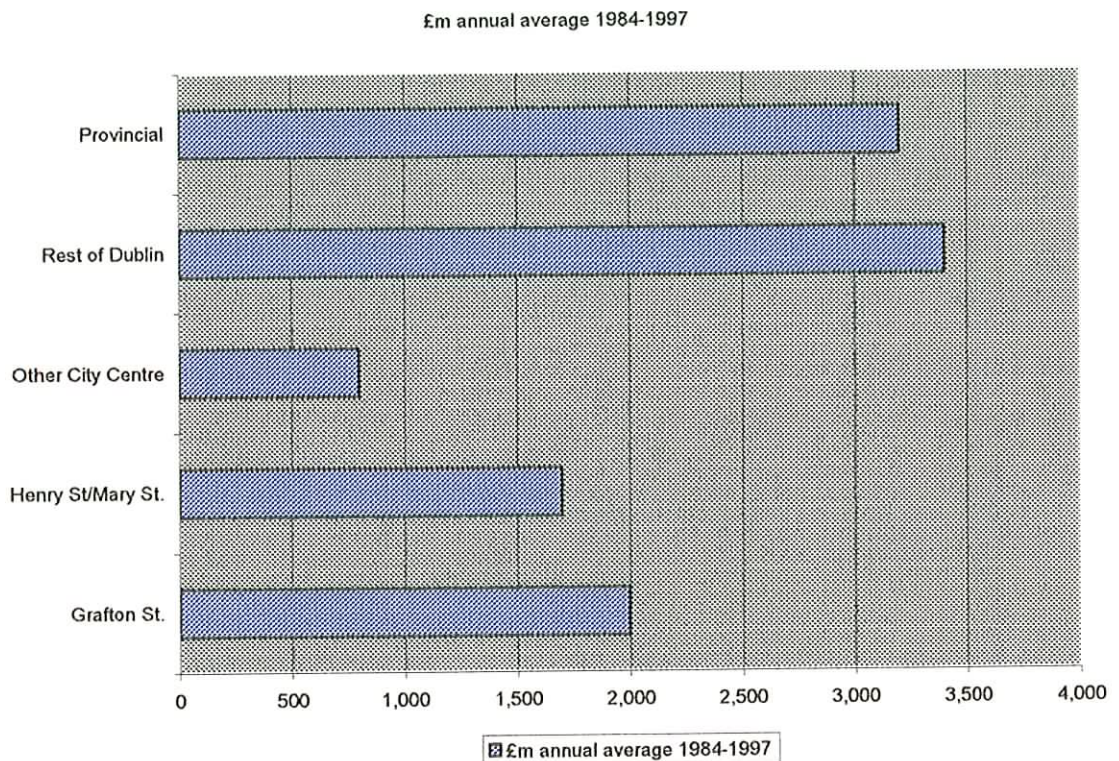
Demand for all types of retail property has increased dramatically, which has been primarily due to the improved economic climate. Private investors have become increasingly more involved in the retail environment. Within the retail market, private investors have traditionally dominated the secondary retail areas. The principal reason being that capital values were substantially lower than those on prime streets, hence the private investor could afford to purchase in the secondary market. The market provided healthy returns, especially in the short term. This situation has changed somewhat as secondary areas have improved substantially and hence capital values have shot up over the last two years especially. This is evident from the rent table on the following pages.

Private investors in the form of syndicates and consortiums are now bidding for prime retail units which were once the exclusive preserve of the large financial institutions. 1996 was the first year in which the private investors outbid the institutions. They outbid the institutions by a ratio of 3:1 in the property investment acquisitions market (Cooney, B., 1997). This trend has continued with increased velocity since 1996. One of the reasons that has contributed to the increased interest of private investors in the commercial market is the Bacon Report introduced last year. *"Shopping centres and other major properties have been bought by groups of investors, who have reviewed their options following the Government measures introduced in the wake of the Bacon Report. With the supply of commercial properties under £500,000 running dry and competition for such properties intense, interest in more expensive commercial*

*property is particularly strong*", (The Irish Times, Article, 'Consortiums of Wealthy Investors Now Target Commercial Property Sector', Richard Balls, 1<sup>st</sup> October 1998).

Net investment over the period 1984 to 1997 is illustrated on the following page.

**FIGURE: 4** Net Investment 1984 to 1997



Net investment into City Centre Retail is the lowest, however this is based on the average over the last 13 years. It is only in the last three to four years that the commercial secondary market has improved. Hence, retail net investment over the past five years would be more favourable.

At the end of 1996, the IPD retail portfolio was worth £348.8 million (IPD, 1996), of this other city centre retail (secondary areas) amounted to £19 million. Suburban retail



amounts to approximately £122.2 million, which is the largest section of the portfolio. Other city centre retail was actually the smallest section of the portfolio representing on 5.4% of the total portfolio. The main reason for this is the fact that the contributors to the IPD portfolio of Irish properties are mainly the large financial institutions. The author carried out many interviews with members of such institutions and the common thread among responses was that the volume of funds invested in secondary retail property was very small. It has been mentioned earlier that the secondary retail market is predominantly private investor and owner-occupier orientated. Indeed it is important to note that many such institutions are in fact reducing their holdings within the City Centre and many are involved in pre-funding the new out-of-town centres. This is evident from the fact that suburban Dublin as per the IPD portfolio accounts for 35% of funds. By becoming involved in pre-funding arrangements with developers of large retail schemes it ensures their retention as investments and they avoid having to pay the premium prices sought for completed developments for sale on the open market.

**TABLE 13: Retail Portfolio by Location, £ million**

	1992	1993	1994	1995	1996
Grafton St.	20.1	23.1	34.0	44.9	48.4
Henry/Mary St.	69.1	77.4	81.9	86.0	93.1
Other City Centre	14.8	14.9	15.4	21.8	19.0
Suburban Dublin	51.3	52.9	77.2	139.5	122.2
Provincial	30.8	29.8	36.1	56.9	66.2
All Retail	186.2	198.2	244.6	352.1	348.8

Source: IPD, 1997

**TABLE 14: Percent of Retail Portfolio Value**

	1992	1993	1994	1995	1996
Grafton St.	10.8	11.6	13.9	12.8	13.9
Henry/Mary St.	37.1	39.1	33.5	24.4	26.7
Other City Centre	8.0	7.5	6.3	6.2	5.4
Suburban	27.6	26.7	31.6	39.6	35.0
Provincial	16.6	15.1	14.8	17.0	19.0
All Retail	100.0	100.0	100.0	100.0	100.0

Source: IPD, 1997

During the late 1980s until the early 1990s, the percentage of other city centre retail within the overall IPD portfolio has remained relatively static. Over this period, the economic climate in Ireland would certainly not have been as it is today and possibly one would deduce that investors would sell off secondary property. However, it appears from the data supplied by IPD, that many institutions retained their holdings of secondary retail property during that time. 1994 was the beginning of the 'Tiger Economy' for Ireland. Hence, pre-1994 economic performance was relatively unsteady, particularly in the latter half of 1992 as a result of the currency crisis. In other words, the country was in recession. Recession hampers any growth in retail sales which will have a direct bearing on the performance of the retail market. As already mentioned, one would expect that investors would dispose of secondary investments.

Table 14 illustrates that as a percentage of IPD's retail portfolio, other city centre retail was reduced by only 0.5% from 1992-1993. This is an indication that secondary retail property is affected to no greater extent than prime retail property during an economic recession. This is one of the reasons why institutions have traditionally opted for prime retail. Now it appears that if secondary streets are not affected to any greater extent than the prime, then institutions should seriously consider diversifying their retail sections of portfolios to include more secondary retail property.

From 1993 onwards the percentage of secondary property has fallen but this coincides with the increase of private investors in the market. IPD data is solely based upon institutional investors.

**TABLE 15: Rent Table of transactions that have taken place on Secondary Streets**

Date	Address	Sq. M.	Rent	Rent per sqm	Capital Value
23/10/96	46 Dawson St.		£20,375		£412,000*
23/10/96	47 Dawson St.		£40,250		£575,000*
14/07/96	Setanta Centre		£70,000^		
19/03/97	84 Talbot St.	278.7			£300,000*

25/06/97	117& 118 Capel St.	481.41			£400,000*
25/06/97	63/64 O'Connell St.	808.23			£1,250,000*
12/11/97	31 South Anne St.	148.64	£64,000 + £186,00 premium ^	£430.57	
25/02/98	Unit Royal Hibernian Way	42.46	£24,600 + £85,000 premium ^		
12/03/98	46 Capel St.		£10,000		£280,000*
01/04/98	Liffey St.	185.5	£50,000 +£50,000 premium ^		
01/04/98	24 Wicklow St.	87.33	£17,000	£194.68	£121,000^
11/05/98	47/48 O'Connell St.	836.1			£2,500,000*
13/05/98	Wicklow St.	74.32	£30,000 + £50,000 Premium ^		
20/05/98	5/7 O'Connell St.		£98,000		£2,000,000*
20/05/98	35 Exchange St.	142.69	£19,000 + £55,000 premium ^		
27/05/98	3 Dawson St.	203.73	£33,000 ^	£161.98	
18/06/98	31 Dawson St.	157.93	£37,000	£234.28	£460,000*
24/06/98	15 Wicklow St.	139.35	£34,000 + £200,000 premium ^	£243.99	
01/07/98	34 O'Connell St.	172.14	£32,000 + £185,000 premium ^	£185.89	
Sept. 98	Nassau St.	142.23	£75,000 key money + Rent ^	£1,291.68 per sqm Zone A	
Sept. 98	Sth. Great George's St.	297.28	£75,000 ^	£252.29	
23/09/98	20 Suffolk St.	215.16	£55,000	£255.63	£750,000*



08/10/98	104-109 Talbot St.	9104.2	£98,090	£10.77	£1,650,000*
14/10/98	6/8 Wicklow St.		£400,000		£2,000,000*
29/10/98	20 Dawson St.	347.19	£62,000	£178.58	£950,000 est.*
04/11/98	17 Upper Baggot St.		£52,520		£725,000*
Nov. 98	63 Mary St.	55.28	£12,500^	£226.14	
11/11/98	52-69 South Great George's St.		£110,000		£1,250,000*
13/01/99	31 Dawson St.	233	£60,000 + £50,000 premium^	£257.51	
31/03/99	29 Lr. Camden St. & 9 Camden Court		£42,000		£550,000*
07/04/99	3/3A Talbot St.	240	£37,500	156.25	£560,000*
19/05/99	1 Dawson St.	423.25	£100,000 + £100,000 premium^	£236.25	

Source: Compiled by author from various articles with The Irish Times newspaper.

\* = **Freehold**

^ = **Leasehold**

## 8.2 Performance of Secondary Investments

The table above was constructed as a result of tracking transactions which have taken place in the secondary market over the two year study period. The most noticeable trend is the increase in both capital and rental values over this period. Another feature which has become apparent in this table is the increase in the levels of premiums that have been paid over the last two years for leasehold interests. Premiums are generally paid in sellers' market where there is substantial demand and limited supply of product. Levels of key money paid ranges from £50,000 up to in excess of £100,000, which is an indication of the level of demand for secondary units.

For example number 31 South Anne Street, which was let at a rent of £64,000 and a premium of £186,000 in November 1997, would have sold for less than £64,000 twelve months previous. Now due to the improved economic performance and an acceleration of the secondary market, it can secure a rent of £64,000 and is able to look for a premium payment in addition. When premiums are paid, it is an indication that investments are performing well. Demand will exceed supply and hence drive up capital values and rental values. Increasing rental and capital values will of course lead to falling yields, which is another feature of the market.

It is important to note in this section that one of the constraints in analysing market transactions further was the inability to obtain the full information in relation to each property.

### **8.3 Yield Stability**

Investors require property where they know that yields will not fluctuate to a great extent. They want to minimise their risk and be assured of return. With prime property, be it retail, office or industrial, yields tend to be more stable over time. The table below illustrates how the equivalent yield has performed in different retail locations. IPD define the equivalent yield as the estimation of the discount rate which equates the future income flows to the current capital value (IPD, 1997). Following an examination of table 16, it illustrates that yields for Grafton Street show the least variance. In other words, they remained relatively stable. When other city centre retail is considered, it is obvious that the yields have fluctuated more but it is not to any significant extent, hence investors should consider secondary retail property in deciding where to invest.

When the author refers to secondary retail property and yields, an examination of table 16 in particular Henry Street and Grafton Street indicates that the yields for secondary property have not fluctuated to any greater extent than the prime areas. This should be yet another favourable advantage for secondary property.

**TABLE 16: Equivalent Yield**  
**Market Performance – Retail by Location**

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Grafton St.	6.1	6.1	5.5	5.5	5.9	6.2	5.9	5.3	5.2	5.1
Henry/Mary St.	8.5	8.6	7.2	6.9	7.6	8.2	8.0	7.6	7.9	7.9
Other City Centre	8.9	8.9	7.3	7.1	7.7	8.5	8.4	7.7	7.4	6.4
Suburban	8.7	8.6	8.5	8.5	9.3	9.8	10.0	9.4	9.3	8.6
Provincial	8.7	8.2	8.0	8.1	8.3	8.9	8.9	8.5	8.6	8.0
All Retail	8.4	8.3	7.5	7.3	8.0	8.6	8.5	8.0	8.0	7.7

Source: IPD, 1997

### 8.4 Institutions' Viewpoint

Based on the performance to date of secondary investments, many institutions are of the opinion that they should be considered in detail during the next economic boom in the country. The main concern of the institutions is that of quality of tenant. Secondary property is improving and there could be an increase in the level of institutional interest but it will depend upon the quality of the tenant, (Semi-structured interview, Johnston, 1998)<sup>22</sup>. During the next boom period the institutions examine the possibility of including prime secondary retail property in their portfolios. Retail areas evolve and change. Institutions have taken a negative view of the retail market in general. Institutions can only own the buildings, the onus is on the retailers to turnover changes and increase trade during an economic slump, (Semi-structured interview, McDermott, 1998)<sup>23</sup>. Institutions have looked very favourably upon investment in secondary retail property. Green Property Plc. has a substantial volume of secondary retail property, which has been performing very well over the last number of years. The company would buy more secondary retail if they could get it, as the future is very bright and the streets are performing very well, (Semi-structured interview, Burke, 1998)<sup>24</sup>. The property on secondary streets that is owned by other investment institutions is also performing very well. The main advantage of secondary property is that it is bought at a price, which discounts its prime nature, and it can be

<sup>22</sup> Mr. Ian Johnston works with Bank of Ireland Asset Management. An interview was carried out by the author on the 17<sup>th</sup> of April 1998.

<sup>23</sup> Mr. Owen McDermott works with Irish Property Fund Pensions Unit Trust (IPFPUT). An interview was carried out by the author on the 23<sup>rd</sup> of April 1998.

<sup>24</sup> Mr. Shay Burke works with Green Property Plc. An interview was carried out by the author on the 11<sup>th</sup> June 98.

sold off if it is not performing well. In the current climate, one needs a very good reason to sell because it has become impossible to replace property, (Semi-structured interview, King, 1998)<sup>25</sup>.

### **8.5 Levels of Private Investors/Owner Occupiers/Investment Institutions**

Secondary retail property was traditionally perceived for the most part as being owner occupied. Many of the outlets were family run businesses that had been in their present location for years. This has changed substantially over the last number of years. Following the questionnaire survey undertaken by the author, the split between investors is as follows:

➤ Owner Occupiers	33.90%
➤ Private Investors	41.50%
➤ Investment Institutions	16.92%

The above results indicate the growing importance of private investors within the secondary market. At 41.50%, private investors account for just under half of the investors within the secondary retail property market. Owner-occupiers still account for a substantial portion at 33.90%. The investment institutions at 16.92% have taken a lower percentage share in the market. This must be judged within the context of the changing trends as regards institutional investment within the retail market. Here, the author refers to their movement away from the City Centre to pre-funding developments out-of-town as discussed already. The private investors are obviously satisfied with overall returns that they are receiving in the secondary market.

### **8.6 In Conclusion**

This chapter has illustrated the improved performance of secondary property as against prime property. In doing so it has resulted in the illustration that secondary retail property has the potential to be a good lucrative investment. Rates of return over different years show that during an economic recession, secondary property is

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<sup>25</sup> Mr. P. King of Irish Life interviewed on 8<sup>th</sup> June 1998.

affected to no greater degree than prime property. This is an important reassuring note for the investor.

Secondary property since the Bacon Report has become very attractive to private investors, which will increase demand, which will result in a further increase in values and hence falling yields. The majority of private investors will perhaps only own one or two properties in comparison to the institutional investors who manage vast portfolios. Their main objective is to increase returns to as high a level as possible. The main risk with secondary property from the point of view of the institutions is that of tenant quality. This has improved especially for the prime secondary streets and the author is of the opinion that the institutions should examine the properties closely over the coming years.

As far as the other categories of secondary streets are concerned, unless initiatives such as Town Centre Management are successfully implemented to upgrade and promote such areas, investment will be the preserve of private investors.

In conclusion, the performance of secondary retail property is conducive to investment. Based on future projections of economic performance, growth in the economy will continue. The retail market as a result will perform as it has been over the last four years. Investment in secondary retail will continue as prime investments will continue to be in short supply.

The analysis in this chapter was severely constrained due to the limited availability of data. The author had initially intended to conduct a further more detailed analysis in relation to both the market transactions and the IPD data. Confidentiality constraints on behalf of estate agents and IPD resulted in the inability of the author to carry out any further detailed analysis, hence the analysis of the chapter is general based on the limited material and information available.

## **Chapter Nine**

### **Conclusions & Recommendations**

## **9.0 Introduction**

This chapter will now set out all the main conclusions which have arisen during the course of the study period. It will draw from all aspects of the thesis and set out recommendations that the author feels could improve the overall retail market.

## **9.1 Conclusions**

The first probably major conclusion reached as a result of the thesis is that secondary streets account for a substantial volume of shopping streets within Dublin. This is evident from the sheer volume of such streets. There are in excess of 50 secondary shopping streets in Dublin City Centre. What is also evident is that there are different categories of secondary streets. This was identified very early in the research and definitions were laid out within the first couple of chapters.

It was extremely important to define these different categories of secondary streets. The main reason being that it has a direct bearing on the performance of the street and on the trends in existence on the streets. Category A streets have been defined as the prime secondary streets. These are located close to the prime retail streets. Category A streets are those that have substantially benefited from the spin-off and spill over effects from the prime areas. Of all the categories of secondary streets, category A streets have the potential to continue to improve to the greatest degree. The improved quality of tenant, which is discussed in detail below, is the main reason why such streets have great potential. This indicates that during recession, they will be affected to no greater degree than prime areas.

Category B streets are important in terms of their catchment population. This is evident from the profile of shoppers. For example, customers from the suburbs would rarely, if ever, travel to Camden Street to shop. The majority of shoppers would originate from the immediate surrounding area. Such streets are very important to the local economy. During periods of recession disposable income will be reduced but there are certain items of expenditure which will have to be made. While in general there will be a fall in retail sales, certain goods will still be required. To a large extent such goods are sold on category B streets. Some of these category B streets have been

included as part of designated areas. As a result many new residential developments have taken place and have improved the overall environment within such areas. The residential developments have brought with them a demand for retail activity. This will continue into the future. The function of the different categories of secondary streets varies but each are of importance within their own right.

Category C streets are streets which are virtually bordering on tertiary retail environments. The main future for such streets will ultimately lie through re-development. This has taken place already to a certain extent. Again, as with category B streets residential developments have improved the demand for retail activity within such areas. Convenience retailing has developed at a rapid rate with the opening of many Centras, Spars and Londis outlets. The retail environment on category C streets has improved and should continue to do so.

The secondary retail streets in Dublin have progressed substantially over the last five years. The growth and improved performance of the Irish economy has been beneficial for the secondary retail environment in general. The performance of the prime retail streets within the market has had great spin-off effects for the secondary areas. All shopping streets within Dublin are moving up the hierarchy. To a certain extent, it is even unfair to refer to particular secondary streets as such streets.

Many streets are specialising in quasi-retailing. Such streets tend to be locating off the prime streets. In a way they are complimenting the prime streets by providing services such as restaurants and cafes that are demanded by shoppers. There is the possibility of further development of quasi-retailing on certain secondary streets.

Quasi-retailing in conjunction with tourism retailing and specialisation has become a major trend within the secondary market. By means of the questionnaire survey undertaken by the author, it became clear that the retailers themselves are of the opinion that specialisation and the development of quasi and tourism retailing are the reasons, that have resulted in the improved performance of certain streets. Nassau



Street can be used as a good example. The development of tourism retailing has been very successful for the street.

If the development of O'Connell Street proceeds as planned it will improve the overall image of shopping on the North Side of the City. If this happens, North Earl Street, as it is already pedestrianised would be the ideal location to develop restaurants and cafes for shoppers. If this takes place, Talbot Street would require further improvements, to ensure that the entire North Side retail environment would be attractive to potential consumers.

Talbot Street has been surprising in relation to the level of improvements that have taken place and yet the physical and shopping environment has failed to make a substantial impact. Traffic calming measures have been introduced, which have improved the street but it still has failed to progress up the hierarchy to a certain extent. The main reason for this is the quality of tenants on the streets. The shopping mix needs to be examined in order to complement North Earl Street, if the O'Connell Street plan is eventually implemented.

Another conclusion, which can be drawn, is that of the improved quality of tenants on secondary streets with the exception of Talbot Street as discussed above. The general acceptance to retailers as regards space was that if outlets were unavailable on the prime pitch, then retailers would look to out-of-town locations. However, the improved quality of tenants on secondary streets appears to indicate that many retailers are content with choosing a secondary street for their outlet. Wicklow Street is a good example of the improvement in the quality of tenants. A substantial portion of tenants are high quality European retailers. These outlets have located on these streets, possibly because of the lower rents. Many such retailers have operated from Wicklow Street for many years. What is noticeable at present is that these retailers are opening outlets on a concessionaire basis within the department stores. This has only taken place over the last few years. The key to improving tenant quality further is for private investors to purchase numerous properties side by side on streets thus creating large properties which can then attract large space users. The improved quality of

tenants alters the public's perception of secondary streets. Today, shoppers will often specifically travel to town to visit certain secondary areas.

Pedestrianisation is generally accepted as an improvement and benefit to the retail environment. However, following the detailed survey in the UK on the benefits of 'before & after' effects, it can be deduced that pedestrianisation offers non-economic benefits. Whilst these are very important in terms of the overall environment, investors should ignore pedestrianisation when choosing where to invest. As the benefits are non-economic, it raises the question as to who should be responsible for covering the costs of such schemes.

In relation to secondary streets, pedestrianisation must be approached with caution. By increasing the level of pedestrianisation within the City Centre, it runs the risk of reducing its effectiveness. The main reason for this is that in secondary areas the critical mass may not exist in the first place to warrant full pedestrianisation. In such areas full pedestrianisation could have detrimental effects and ultimately lead to the decline of the street. It is important, therefore, to mix pedestrianisation with traffic calming measures in secondary areas. Perhaps widening footpaths and introducing herringbone parking would work very well on secondary streets. The widening of footpaths would allow for environmental features such as trees, street furniture and improved street lighting to be installed. Traffic calming would reduce the overall traffic congestion on the street.

Pedestrianisation needs to be examined in conjunction with traffic congestion within Dublin City. One of the most important conclusions in order to protect the further development and enhancement of the secondary streets is that there needs to be a traffic management plan compiled for Dublin. Traffic congestion is a problem that most secondary streets have to contend with. Effectively it has downgraded the environment of many streets and hampered their growth. Capel Street is a prime example of a secondary street where traffic congestion has had a detrimental effect. In the survey undertaken by the author, traffic congestion was cited as being the main problem that retailers encountered with the location. If further links were developed

between Parliament Street and Capel Street, the area has the potential to become an area for the development of restaurants and cafes. Of course, if this were to happen substantial improvements would have to take place in relation to the physical conditions of the buildings.

Many of the secondary streets have suffered from downgrading as a result of being used as bus depots by Dublin Bus. Middle Abbey Street over the last four years has continuously improved. Arnotts now has a substantial frontage onto the street. During fine weather the store extends their ground floor café outside. In principle this is a great idea and perhaps marks the beginning of such outlets on the street. The atmosphere, however, is hampered by the fact that substantial volumes of buses are constantly parked along the streets. It is virtually a depot as mentioned above. The elimination of these buses from the street would dramatically alter the environment of the street. In conclusion, traffic congestion needs to be tackled as a matter of urgency.

Town Centre Management is required on a comprehensive scale to ensure the viability of Dublin City Centre. The recent planning Directive consolidates the importance of the City Centre as a shopping environment, by limiting the size of developments out-of-town. TCM would have obvious benefits as outlined in chapter seven. The co-ordination of existing TCM initiatives will be vital to ensure that the City Centre will retain its critical mass. It is important that the initiatives include all areas and issues such as pedestrianisation, car parking, promotion, marketing, traffic congestion, security etc. All sections of the City need to be managed. It is important to identify the strengths and weaknesses of each area to ensure that what exists is an attractive, viable Town Centre, which has a considerable volume of attractions. At this stage, it is very important to ensure that the City Centre is not just considered in terms of Grafton Street and Henry Street. Secondary streets have a lot to offer and should be included as part of any TCM initiative.

From an investment point of view, secondary property is an alternative investment to private investors following the measures introduced as a result of the Bacon Report. Secondary property has performed well over the last four years. This is evident from

the level of capital values, rental values, the practice of paying premiums and falling yields. Properties on prime secondary streets have been selling at YP's of c.12.5 or more, which equates to yields of 8% and lower. Rental growth over three year and four year periods is quite good and in some cases it has outperformed prime property over the same period. To conclude, investment by private investors in the market has increased. The quality of secondary retail investments has improved. The future will be characterised by a continuing shortage of prime retail property and increased demand. The result being that investors will have to look elsewhere.

Investors follow trends within the market and if returns continue to increase, secondary retail property will continue to be a viable option. The planning Directive in relation to retailing will curtail developments out-of-town, which could result in institutions reversing their trend of pre-funding out-of-town developments. Funds may be diverted back into City Centre retail, as prime retail will be in short supply. Hence, the possibility of increased investment by the institutions in the secondary retail market exists.

In conclusion, ultimately the continued success of the secondary market will be dependent upon economic performance. Ireland has now become the fastest growing economy in the world. Economic growth is expected to slowdown over the short term but it still will remain competitive. Forecasts for future economic growth remains favourable (Hughes, B., 1999). The performance and continued success of individual secondary streets will vary depending upon the category of streets. The author concludes that **prime secondary streets** have the greatest opportunity for increased institutional investment and future development. Such streets will flourish to a great extent. **Local type secondary** and those **bordering on tertiary** will not improve to the same extent as prime secondary. They have improved to a certain extent but will remain an owner-occupier and private investor orientated market. Such streets need to be included as part of Urban Renewal incentives for example so that the overall quality of the environment can be enhanced. This could be pursued through a TCM initiative.

## 9.2 Recommendations

From the conclusion above, the author is of the opinion that the following recommendations are justified. These can be set out as follows:

- Planning guidelines need to be introduced as soon as possible in relation to retail development. These guidelines need to be clear and precise and should be rigidly adhered to. Retail development takes place at a very fast pace within the market. This leads to increased competition within the market place which can have detrimental effects on certain areas. The Government has a social obligation to ensure that towns and cities within the country remain viable. There has to be a degree of curtailment of new shopping space, primarily in areas where it is not required. Guidelines need to refer to all types of retail outlets and they should make provision to deal with planning permission for new construction as well as extensions to existing premises. The latest trend in Ireland has been the development of Factory Outlet Centres. There needs to be provision for dealing with such retail formats.

As part of the overall regulations, there is a need to have more control over the use of retail outlets. O'Connell Street is a prime example of a street which should have a more aesthetically pleasing environment. It has become a street which is known for its numerous fast food outlets. Over the last four years there has been the development of adverse shop uses which have located mainly on Capel Street and South William Street. It is now necessary for stringent conditions in relation to such uses to come into force. Adverse uses will downgrade the environment and the public's perception of certain areas within the City and these will subsequently deteriorate. These issues have to be controlled and properly addressed.

The planning guidelines should then be implemented through legislation as an amendment to the *1963 Local Government Planning & Development Act*. The legislation needs to be such that it is not ambiguous but clear and comprehensive. It should be addressed as a matter of urgency.

- Developments within the City Centre especially the O'Connell Street plan should be implemented over the short term i.e. within three years. As discussed above O'Connell Street is a street which needs to be improved expeditiously. The proposals which led to the preparation of the Integrated Area Plan need to be transformed into reality at a relatively quick pace if the street is to regain its past glory as a main thoroughfare. Such proposals should be implemented over the next two years before other units on the street are sold to more fast food outlets.

Maintaining shopfronts is another issue which should be addressed in conjunction with the above. There has to be control over such an issue to ensure that new shopfronts are kept in line with existing ones which in turn should be in keeping with the overall character of streets.

- Local type secondary streets and those streets bordering on tertiary should be examined in detail to analyse their strengths and weaknesses. This will enable plans to be drawn up, which will be able to improve such areas by promoting their strengths and offering solutions as to how their weaknesses can be turned around.

As local type secondary streets perform a different function to the more prime secondary streets, this function needs to be clearly determined. The main reason being that policies targeted towards prime secondary would be inappropriate to a certain extent for local type streets. As discussed in Chapter Two of this thesis, local type secondary streets provide an important service for their shoppers who for the most part come from the immediate surrounding areas. Any policies pursued by the Government should be, therefore, aimed at improving the quality of shopping and services available to the local shoppers. This may take the form of improving the physical conditions of the buildings which would result in bigger, brighter stores for customers.

Alternatively and probably more importantly would be to address traffic problems. This could take the form of transforming such streets into more

pedestrian friendly environments. This can be by having wider footpaths, traffic calming and increased pedestrian crossings. As mentioned above a SWOT analysis is central to identifying the strengths and weaknesses of such streets. It will be from there that new developments and improvements can be planned to benefit all local type secondary streets.

- The 'Living over the Shop' policy needs to be re-considered so that it can be more successful and beneficial for secondary streets. This policy, when introduced first in the mid 1990s was aimed at improving the upper floors of buildings within certain areas. Its success was very limited. The main reasons why its success was limited can be attributed to the fact that shopkeepers are not developers and the issues associated with transforming vacant upper floors into residential accommodation is daunting to such people. The physical work can be overcome relatively easily but costs, lease structures and the requirements to comply with statutory regulations are issues that the shopkeeper may feel are too complicated to overcome. The original scheme more or less assumed that the shopkeeper would retain the residential accommodation either just as an owner or as an occupant.

While the policy for the main part is a good attempt at improving the use of upper floors, it had various shortcomings which need to be addressed presently if there is to be any chance of the policy being successful. First, it should not be automatically assumed that the shopkeeper will occupy the premises for himself, hence information on recommended lease structures should be widely available so that the uninitiated will be able to understand easily. The attraction of buyers is limited due to the fact that the first time buyers grant is unavailable to potential purchasers and also such purchasers would have to pay stamp duty on the refurbished property.

The author recommends the possibility of allowing the first time buyers grant but reducing it to a level below the current £3,000 for such properties. Stamp duty could also be abolished in relation to the residential accommodation. Such

measures would broaden the potential buyer base for such properties and would lead to a more successful 'Living over the Shop' policy.

- Traffic and car parking needs to be addressed as a very urgent issue. It is time to have a traffic management plan for the entire city. Unless the plan is prepared and implemented as a major priority over the next two years the City Centre, in terms of retailing, will lose out to the out-of-town centres. It is not because people prefer to shop out-of-town but because access to the City Centre is deteriorating. The only way that traffic congestion will be eliminated is if it is managed on a large scale. To reduce traffic within the City Centre, people need to be presented with a serious alternative to using their own cars. At present the public transport system is not adequate as an alternative to the motor car. Therefore, a traffic management plan needs to be considered in conjunction with an upgrade of the public transport system. This is required as a matter of urgency.
- The various management groups within the City Centre such as the Henry Street/Mary Street Partnership and the DCCBA need to bring their expertise together to develop a TCM initiative for Dublin City Centre as a whole. In order to develop a TCM strategy that will benefit the City Centre there will need to be input from both the public and private sector. Retailers need to be informed of the added strategies. The requirements of every City will differ but it is necessary to examine TCM structures in operation in Cities, which are similar to Dublin, so that potential investors in schemes can see tangible results of their investment.
- As part of the TCM initiative, there needs to be a comprehensive marketing plan for secondary streets. This will promote the streets as attractive shopping environments. It is important that any TCM initiative does not exclude secondary streets and just concentrate on prime areas. Secondary areas offer attractive restaurants and cafes which form part of the leisure facilities available within Dublin. Leisure facilities should be promoted in conjunction with retail activity as part of the TCM initiative. The more comprehensive the TCM strategy is, the more successful it will be for the City.



- From an investment point of view, returns on secondary property should be more widely published so that potential investors have a greater knowledge as to the performance of the secondary retail market. The importance of the secondary retail market will be reflected through such published information, which has the potential to increase activity within the market. The dearth of data in relation to secondary retail property will act as a barrier to investment activity. The larger estate agency firms who have dedicated research departments should differentiate their retail research into different sections to include tracking the performance of secondary retail investments.

The Central Statistics Office (CSO) only publishes retail sales data on a general level. They do not classify retail sales for different streets. The author recommends that the possibility of doing so should be examined to determine whether it would be feasible. The information would be a valuable source in determining streets and their individual retail sales levels. Perhaps it would indicate the role that all retail streets play in the overall shopping environment and hence a very accurate hierarchy of retailing could be defined.

- Grants should be made available to shop owners particularly on Category B and Category C streets, to upgrade their property. It could be on the basis that the grants will only be available where the upper floors of buildings are in use. This would combat the problem of vacant upper floors and at the same time improve the physical conditions of buildings. Perhaps there is the possibility of taxing retailers in relation to upper floors to combat the problem of vacant upper floors. All upper floors within the City Centre should be zoned for a certain use. Hence if a retailer has vacant upper floors, when they should be in use as offices, he would be taxed. To avoid paying this tax, it is an incentive for retailers to ensure that upper floors will be fully utilised. If such floors are in use then the overall physical condition of the building will be improved.

- Retailers need to become more involved in the promotion of the City Centre. They will benefit in the long term. Tourism retailing has benefited many of the secondary streets. This should continue to be promoted. The continued growth in tourism retailing is very encouraging as it indicates the popularity of Dublin as a holiday destination. The expansion of Dublin Airport to handle increased volume of passengers is another indication of the growth of Dublin. Tourism retailing is a niche area of the retail market and very lucrative. It should be developed further and promoted more effectively on a large scale.

To conclude secondary retail property is a viable option and should continue to be so at least over the next five years.

### **9.3 Areas of further research**

This next section sets out the potential areas for further research which the author views as being both interesting and important.

- I. One of the areas which the author feels requires further study is that of Town Centre Management. It would be very interesting to examine the whole area further and perhaps devise a suitable TCM strategy which could be implemented in Dublin. This thesis examined TCM from the point of view of how secondary areas could benefit and suggested the policy most suitable for Dublin.
- II. Very basic research as to the actual number of retail outlets within the City Centre does not exist. The author is of the opinion that this is very important information which is not available. The retail environment within the City Centre needs to be clearly defined so that the number of existing retail outlets can be counted. Following this basic information there is then the possibility that the outlets can be classified into different sectors. This information could be entered into a database which should be updated at frequent intervals. Hence it would be possible to establish at any stage how many menswear outlets, for example, exist in Dublin City.

- III. Another area which the author has discussed briefly is that of the vacancy levels of upper floors. The levels progressively deteriorate worse along the North side of the City. Substantial research is required to establish vacancy rate levels within the entire City in relation to upper floors. The reason as to why such levels exist also needs to be examined and possibly from that it could be decided how best to tackle the situation. Vacancy levels on upper floors will have an effect on the overall physical conditions of buildings.
- IV. This thesis has focussed primarily upon secondary retail environments and the effects of out-of-town centres on the City Centre. It did not address the effects that such out-of-town centres have on the older existing shopping centres which were built during the 1970s and 1980s. Such shopping centres have declined to a certain degree and it would be interesting to establish whether the decline is as a direct result of the new centres. The research could identify how such obsolete centres could be adapted to alternative users. This could determine the overall stock of retail property within Dublin and analyse whether there is a need for future retail development on greenfield sites.
- V. Pedestrian flow on streets is always used as an indication of retail sales and performance of retailing in general. However, no information exists as to the levels of pedestrian flow on secondary streets. As a small research project it would be useful to calculate pedestrian flow for secondary streets. This information could be used in conjunction with retail sales. However, as mentioned previously the Central Statistics Office (CSO) do not breakdown the figure for retail sales by street. This information would be very useful in determining the percentage of total retail sales which each retail street or environment contributes. As indicated earlier such material would enable a comprehensive and accurate retail hierarchy for Dublin to be constructed.
- VI. Another area where there is a lack of data is in relation to tracking the performance of secondary investments. From that perspective it would be

extremely useful to develop a retail index specifically for secondary retail property. This should clearly illustrate the growth or fall in the levels of capital values, income and rental values. It would be useful if this index could be tracked as far back as 1980. Such an index could then be tracked against economic performance. This could pinpoint exactly the effects of an economic downturn or boom on the levels of capital, rental and income growth.

The retail market is, however, a very fast changing sector within the property market and constant research is required to ensure that the most up-to-date data is available.

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## **Appendices**

# Appendix A: List of Retail Developments in Dublin

## Planned Future Sizeable Retail Developments in the Dublin Area

1997-2000

Parnell Street Retail Complex	33,000sqft
Stillorgan Plaza	35,000sqft
Liffey Valley^	245,719sqft
Ayrfield	90,000sqft
Abbey Mall	21,000sqft
Swords^	230,000sqft
Pyelands	120,000sqft
Blanchardstown (Retail Park/Warehouse)	90,000sqft(est)
St. Stephens Green*	15,000
Northside*	8,400

\* = extensions to existing centres

^ = built

Source: CRUBE, 1997.



## Appendix B: List of Interviewees & Sample Questions

<b>John Bruder</b>	<b>AIB Investment Managers</b>
<b>Ed McDonald</b>	<b>Henry Street/Mary Street Partnership</b>
<b>Dr. Brendan Williams</b>	<b>DIT, Bolton Street</b>
<b>Dr. Russell Schiller</b>	<b>Hillier Parker</b>
<b>Dr. Christopher Pieroni</b>	<b>Colliers Erdman Lewis</b>
<b>Dymphna Kyne</b>	<b>Centre for Retail Studies, UCD</b>
<b>Patrick Dolan</b>	<b>DIT, Mountjoy Square</b>
<b>Michael Mac Aree</b>	<b>Dublin Corporation</b>
<b>Liam Kielthy</b>	<b>Parkrite</b>
<b>Tom Coffey</b>	<b>Dublin City Centre Business Association</b>
<b>Aidan O'Hogan</b>	<b>Hamilton Osborne King</b>
<b>Frank Close</b>	<b>Ulster Bank Investment Managers</b>
<b>Ian Johnston</b>	<b>Bank of Ireland Asset Management</b>
<b>Eoin McDermott</b>	<b>Irish Pension Fund Property Unit Trust</b>
<b>Stewart Harrington</b>	<b>Dunloe Ewart Plc.</b>
<b>Paul King</b>	<b>Irish Life</b>
<b>Fintan Tierney</b>	<b>Lambert Smith Hampton</b>
<b>Shay Burke</b>	<b>Green Property Plc.</b>
<b>Hugh Markey</b>	<b>Lisney</b>
<b>Phil Rielly</b>	<b>Dunloe Ewart Plc.</b>
<b>Tom Rea</b>	<b>Clerys</b>
<b>Stuart Browne</b>	<b>Boots</b>
<b>Paul McElearney</b>	<b>Clarendon Properties</b>
<b>Brian Power</b>	<b>Secretary of Talbot Street Retailers' Association</b>
<b>Bill Kelly</b>	<b>Arnotts</b>
<b>Bill Nowlan</b>	<b>W.K. Nowlan &amp; Associates</b>
<b>Michael Harrington</b>	<b>Palmer McCormack</b>
<b>Charlie Costello</b>	<b>Superquinn</b>

**David Potter**

**Kieran O'Malley**

**Sharon Scott**

**Jonathan Baldock**

**Paul Smith**

**Martin Garrett**

**Phil Tily**

**Hamilton Osborne King**

**O'Malley & Associates**

**Coleraine Town Centre Partnership**

**Hillier Parker**

**Bristol City Council**

**Boots Properties**

**Investment Property Databank**

## **Sample Questions for Semi-structured Interviews**

- 1) What way would classify secondary retail property?
- 2) How would you define a secondary retail street?
- 3) What are your views on pedestrianisation within the City Centre?
- 4) What are your views on Town Centre Management?
- 5) Is the City Centre losing out to the out-of-town centres?
- 6) What are your views on the 1998 Ministerial Directive on Shopping?
- 7) Do you think that the Dublin Region as a whole is becoming overshopped?
- 8) Do you think that secondary streets play an important role in overall shopping facilities within Dublin?
- 9) What is your opinion as regards the prosperity and future of secondary streets?
- 10) What are your opinions on the Renewal Projects that Dublin Corporation have carried out i.e. Talbot Street?
- 11) Plans for O'Connell Street – too ambitious?
- 12) In your opinion how badly affected are secondary streets by traffic and accessibility?
- 13) How important are the locations of multi-storey car parks in relation to secondary streets?
- 14) What do you perceive to be the most important issues or problems facing secondary streets?
- 15) Predictions for the retail market in general over the next three to five years?
- 16) Predictions for the secondary market?
- 17) Future for certain secondary streets in residential?
- 18) Are there any solutions to combating the poor use of upper floors?
- 19) What are the effects of designation on the retail market?
- 20) Do you think that secondary retail streets have the ability to become prime?
- 21) Do you have an indication of the breakdown between owner/occupiers, private investors and institutional investors?
- 22) Can you give any indication of the overall performance of secondary streets?
- 23) What are your views on specialisation and quasi-retailing?
- 24) What advantages do secondary streets offer to potential investors?

## Appendix C: Sample Questionnaire & Letter

May 1998

<Name<Retailer>

<Address>

<Dublin 1>

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Dear Sir/Madam,

I am a postgraduate student at the Dublin Institute of Technology, Bolton Street, Dublin 1. I am currently undertaking a research masters Degree at the college. The subject of my research is into the Secondary Retail Property Market in Dublin. Numerous reports have been published in relation to the prime retail market, the secondary retail sector which can be quite a lucrative investment option does not receive as much publicity. By writing my thesis I hope to provide findings that the secondary market is performing well and make good recommendations for its future.

Having already spoken with property experts, planners and representatives from the investment institutions I am anxious to receive some feedback from the retailers themselves who are actually operating out of secondary retail streets thereby forming part of the Secondary Retail Market. I have thus prepared the following questionnaire and would be obliged if you could fill it out and return it at your earliest convenience.

I have spoken with the Area Officer for Capel Street, Mr Louis Copeland and he has recommended that you should participate as it is an opportunity for you, the retailer, to air your views and opinions regarding the market. The report when finished will be of interest to you I hope, and the more information I receive the higher the quality it will be. I would really appreciate your help, I have enclosed a stamped addressed envelope with the questionnaire.

If you would like to contact me regarding any aspect of the questionnaire I would be very happy to answer any queries. I can be contacted at CRUBE, Dominick Court, 41 Lower Dominick Street, Dublin 1 and the telephone number is 872 9075.  
Thank You.

Yours Sincerely,

---

Elaine Murphy, Dip. Prop. Econ., BSC (Surv).

Research on : -

THE SECONDARY RETAIL PROPERTY MARKET IN DUBLIN

Survey Questionnaire for Retailers Operating from a Secondary Location

Name of outlet : \_\_\_\_\_

Address : \_\_\_\_\_

Contact Name : \_\_\_\_\_

Telephone Number : \_\_\_\_\_

Date : \_\_\_\_\_

Survey Questionnaire

1. Which of the following categories does this shop fall into ? (please tick as appropriate)

Categories

- |                       |                                |
|-----------------------|--------------------------------|
| Furniture             | <input type="checkbox"/>       |
| Hardware              | <input type="checkbox"/>       |
| Household             | <input type="checkbox"/>       |
| Electrical            | <input type="checkbox"/>       |
| Menswear              | <input type="checkbox"/>       |
| Specialist            | <input type="checkbox"/>       |
| Services              | <input type="checkbox"/>       |
| Other, please specify | <input type="checkbox"/> _____ |

2. How long has the business been in operation ? (please tick as appropriate)

- |                       |                                |
|-----------------------|--------------------------------|
| Less than one year    | <input type="checkbox"/>       |
| Between 1 - 5 years   | <input type="checkbox"/>       |
| Between 5 - 10 years  | <input type="checkbox"/>       |
| Other, please specify | <input type="checkbox"/> _____ |

3. Is the shop unit : (please tick as appropriate)

- Owner occupied ☐
- Owned by a private investors ☐
- Owned by an investment institution ☐
- Other, please specify ☐ \_\_\_\_\_

4. Please indicate the approximate size of the shop unit

\_\_\_\_\_ square feet      \_\_\_\_\_ square metres

5. What are the upper floors of the building being used for ? (please tick as appropriate)

- Storage ☐
- Offices ☐
- Residential ☐
- Vacant ☐
- Other, please specify ☐ \_\_\_\_\_

6. Is Talbot Street a good location for your business ?      Yes/No (please give reasons)

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7. Was the retail unit located elsewhere before Talbot Street ?      Yes/No  
If yes, please specify the location.

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8. Are you considering moving from Talbot Street ?      Yes/No  
If yes, please specify the location and give reasons for the move.

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9. Can you give a breakdown of the percentage of trade coming from :

- a) Regular customers indicating levels of goodwill \_\_\_\_\_
- b) Passing trade \_\_\_\_\_

10. Which of the following advantages do Talbot Street offer as a retail location ? (please rank in order of importance where 1 represents the most important).

- a) The proximity of Talbot Street to the prime shopping area of Henry Street/Mary Street \_\_\_\_\_
- b) Low rents due to the secondary shopping street status \_\_\_\_\_
- c) Provides affordable accommodation for businesses, which have been forced out of the prime areas during an economic boom due to escalating rents, rates & insurance \_\_\_\_\_
- d) It is an attractive shopping location with environmental features \_\_\_\_\_
- e) It offers a good retail mix for shoppers \_\_\_\_\_
- f) The renewal project undertaken by Dublin Corporation has enhanced the street \_\_\_\_\_
- g) Familiarity of customers with shops/goods on secondary streets \_\_\_\_\_

11. In your opinion how badly effected is Talbot Street by traffic and accessibility ?

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12. Do you encounter any problems as a result of operating out of a secondary location ?  
Yes/No, if yes please specify the most important problems

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13. In your opinion what is the future of secondary streets in general ?

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Additional questions for non owner-occupiers

14. What type of lease is it ? (please tick as appropriate)

Full repairing and insuring (FRI)	<input type="checkbox"/>
Internal repairing and insuring (IRI)	<input type="checkbox"/>
Internal repairing only (IR)	<input type="checkbox"/>

15. What is the rent review pattern and length of the lease ?

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16. Give an indication of the rent that is being paid , (please tick as appropriate)

Less than £15,000	<input type="checkbox"/>
£15,000 - £25,000	<input type="checkbox"/>
£25,000 - £40,000	<input type="checkbox"/>
£40,000 - £60,000	<input type="checkbox"/>
£60,000 - £70,000	<input type="checkbox"/>
More than £70,000	<input type="checkbox"/>
The exact amount	<input type="checkbox"/> _____

THANK YOU FOR YOUR TIME AND ASSISTANCE

## Appendix D: Models of Town Centre Management

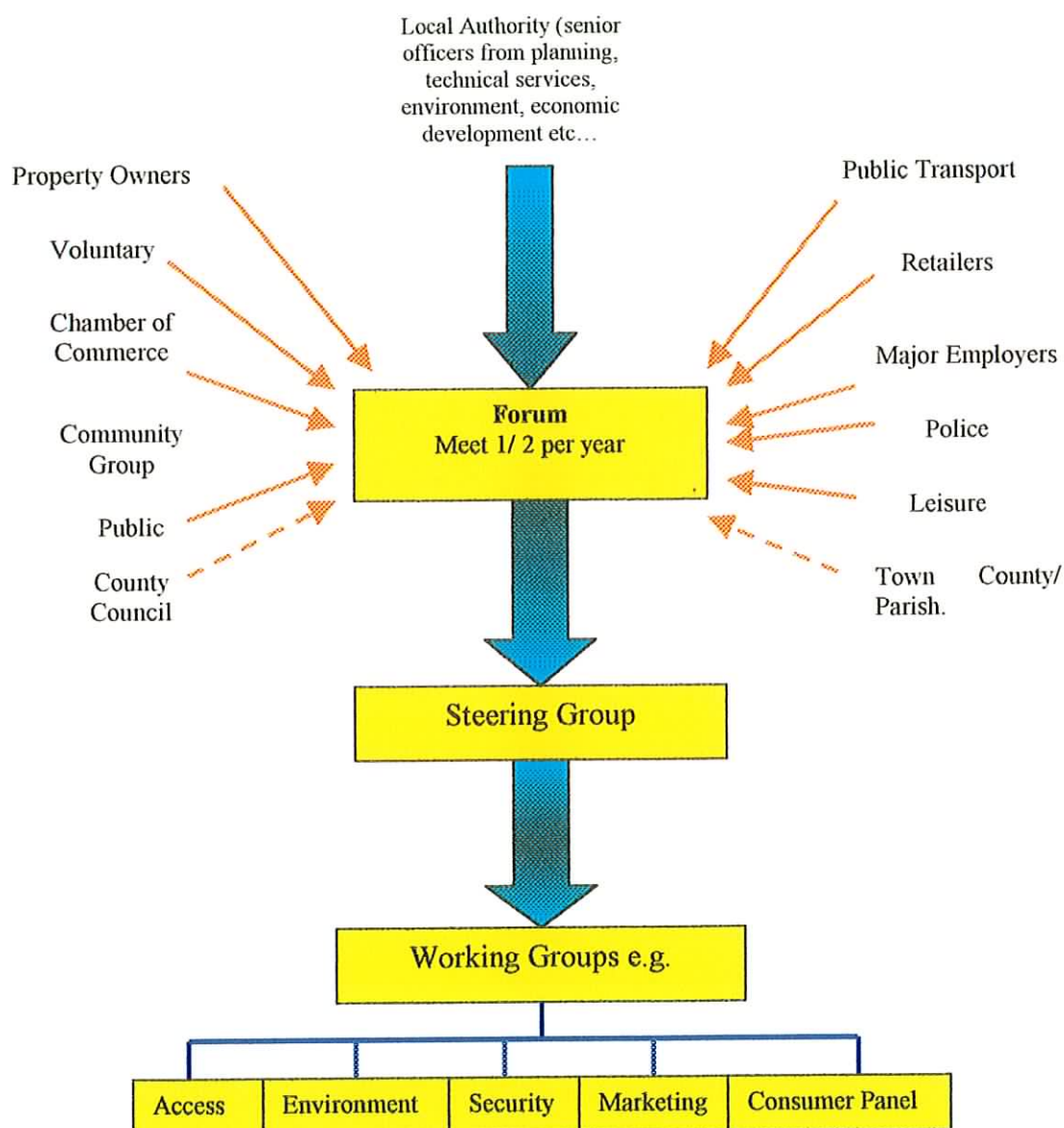
### Model One

#### Town Centre Management Initiative

This is a basic initiative, which can be used regardless of whether a manager is appointed. It would indicate therefore, that it would be suitable for smaller locations. Examples of similar structures.

1. Market Harborough.
2. St. Neots.
3. Wokingham.
4. Boston.
5. High Wycombe.
6. Brentwood.

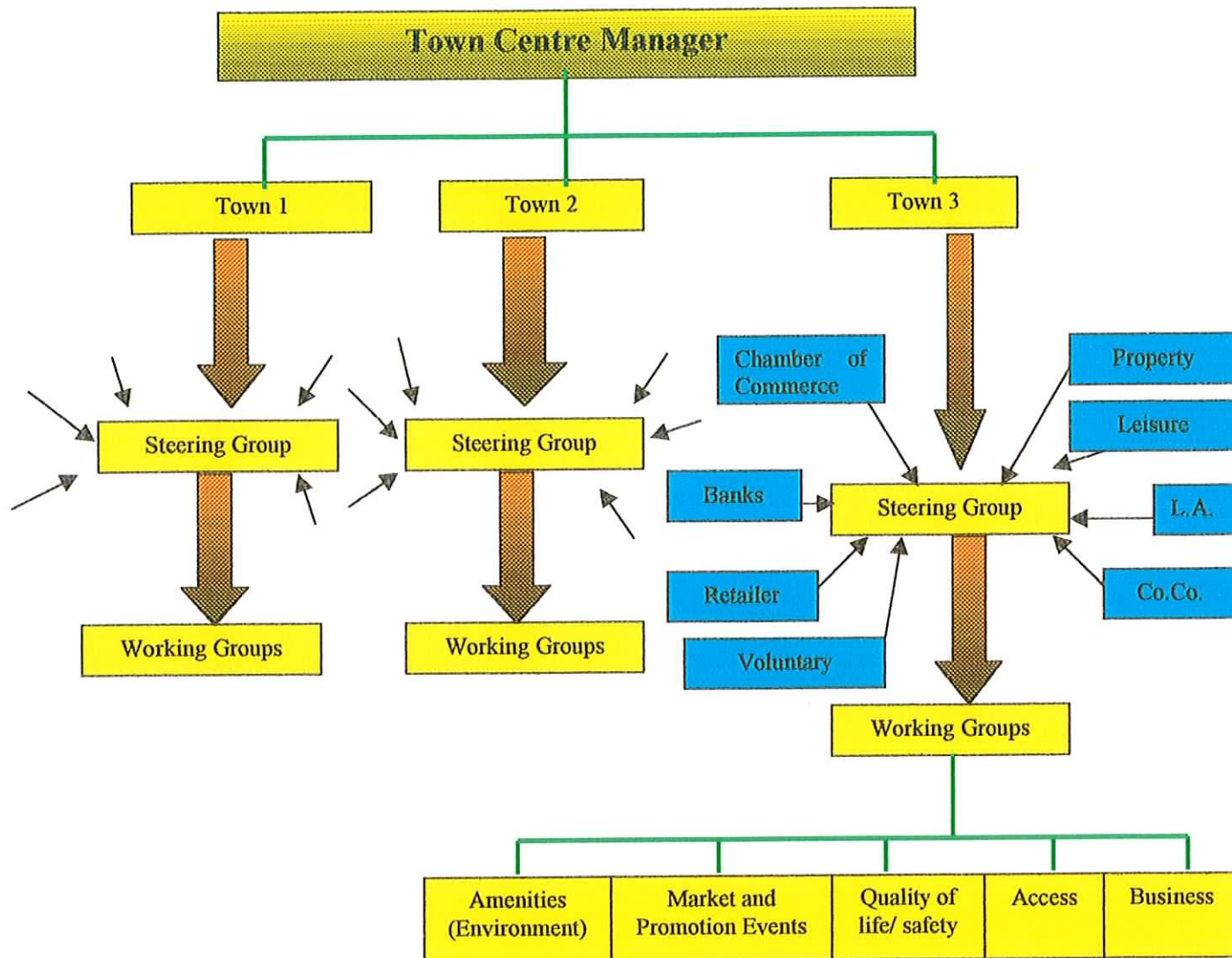
Figure One: Town Centre Management Initiative



**Model Two****Shared Town Centre Manager**

This option is very similar to Model One, however a manager is appointed. The manager is then allowed to work on several towns within the same local authority and action plan.

Figure Two: Town Centre Management shared Town Centre Management



### **Model Three**

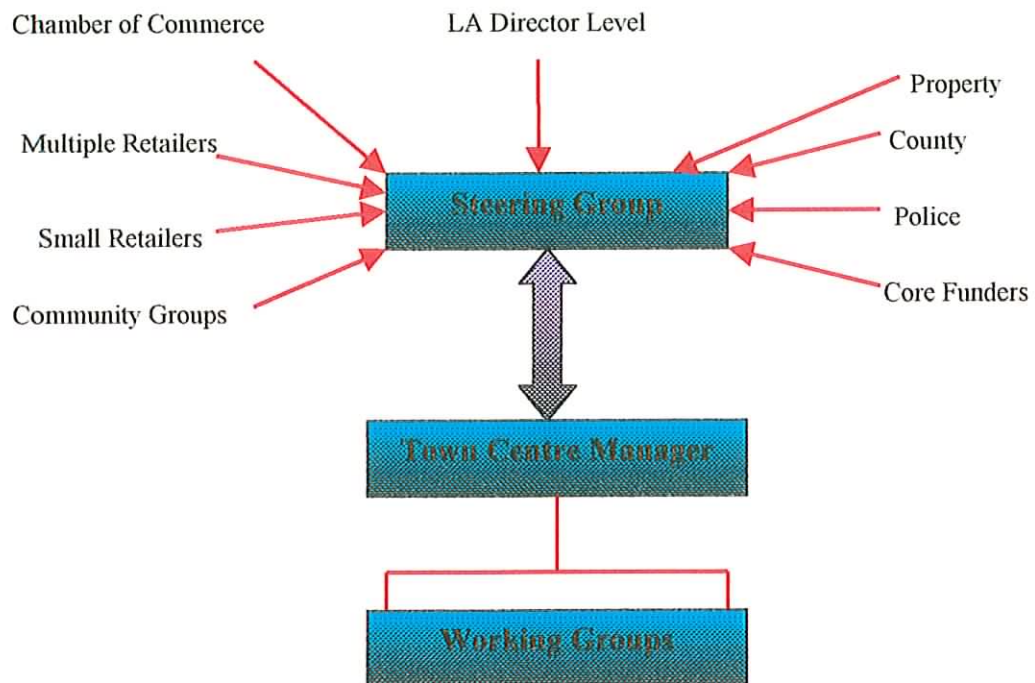
#### **Town Centre Manager**

This type is found in larger towns where a steering group appoints, supports and directs a manager. The manager is paid by contributions from public and private sector.

Similar structures are in operation in:

1. Nottingham.
2. Falkirk.
3. Romford.
4. Hemel Hempstead.
5. Wakefield.
6. Lisburn.
7. Croydon.
8. Harrow.

Figure Three: Town Centre Manager



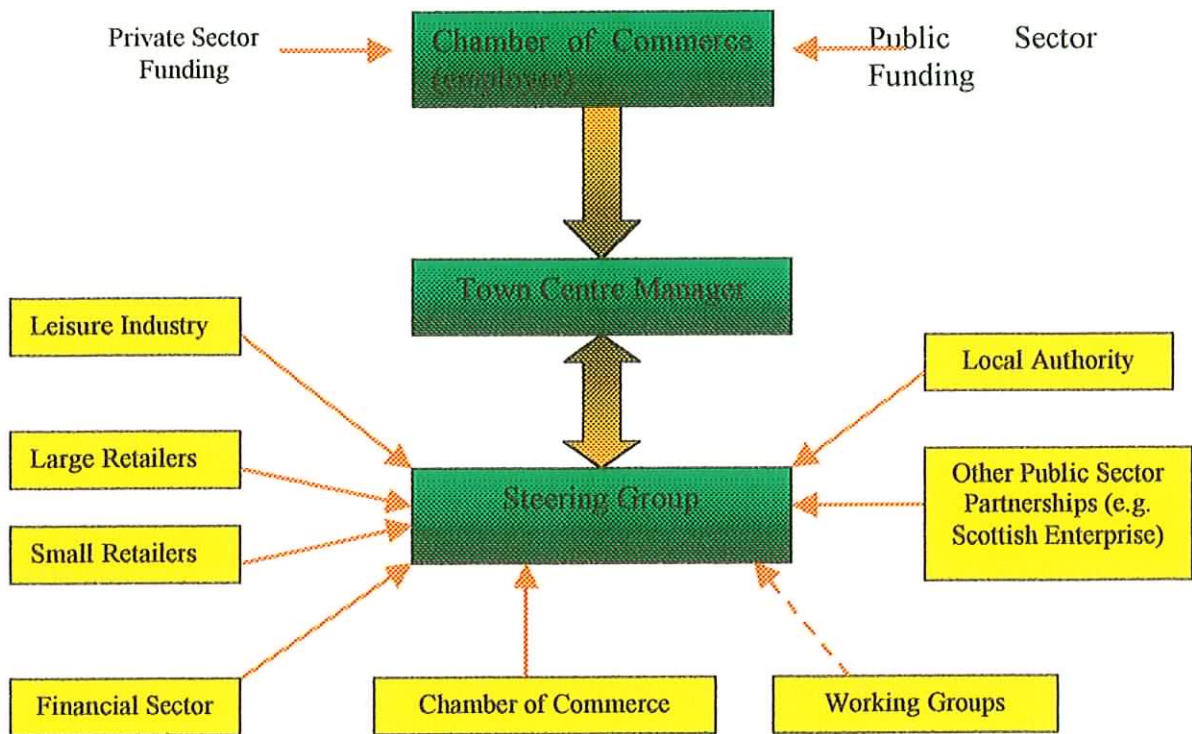
**Model Four****Town Centre Management employed by a chamber of commerce.**

Public and private sector partners contribute to chamber of commerce which employs town centre management.

Sponsors the chamber of commerce and other key players set on a steering group which helps the TCM to produce a Business Plan and monitor its delivery.

A similar structure is in operation in Perth, Australia.

Figure Four: Town Centre Management employed by a chamber of commerce.





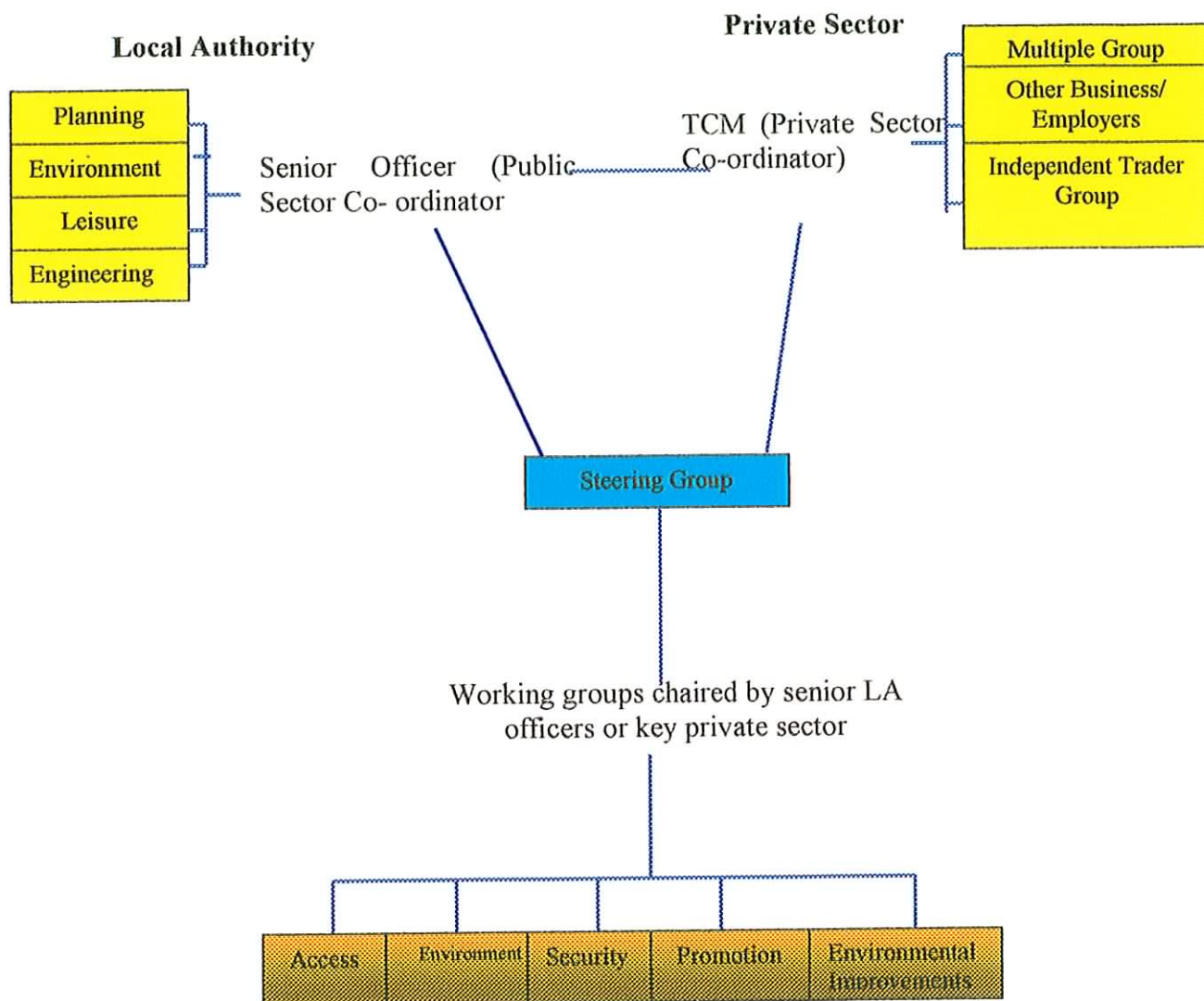
**Model Five****TCM (Private Sector) Private Sector co-ordinators.**

A Local Authority co-ordinates the public sector management, whilst a private sector co-ordinator brings together commercial interests.

To be a success, co-ordinators need close co-operation and share the same objective, priorities and timescale.

Examples of similar structures are those that are in operation in Leeds and Gravesend.

Figure Five: TCM (Private Sector) Public Sector co-ordinators



**Model Six****Local Authority Appointed Town Centre Management (Private Sector Seconded Working in LA)**

Over 1/3 of managers are fully funded by public sector.

**Advantages**

1. Assured funding
2. Knowledge of and acceptance by key officers/ members in the council.

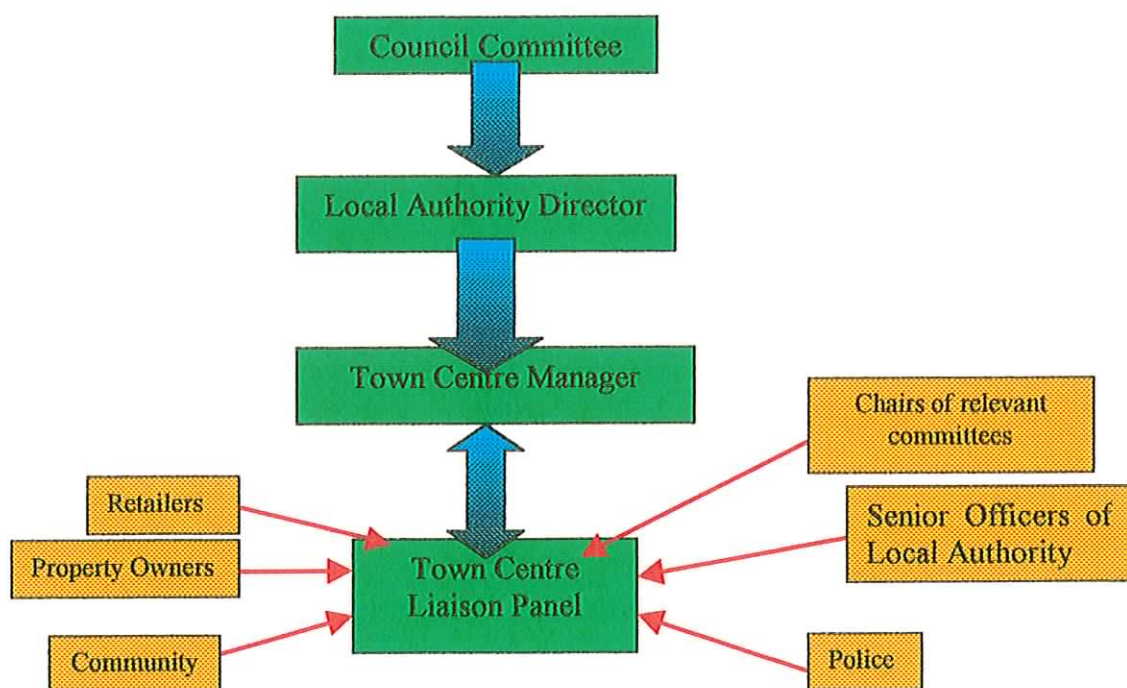
**Disadvantages**

1. Often have (certainly in early days) little support from private sector.
2. Private sector unsure of the role of the manager and their role with him/ her.
3. Can become "bogged down" inside local authority.

Examples of similar structures included:

1. Ipswich.
2. Warrington.
3. Derby.
4. Kendal.
5. Wolverhampton.
6. Hamilton.
7. Crawley.
8. Bradford.

Figure Six: Local Authority appoint Town Centre Manager.



**Model Seven Local Authority Officer Working with the Private Sector.**

A local Authority officer acts as a focus for town centre issues within the council and also as a link into the authority for the private sector.

A rather loose structure for involving private and community sectors.

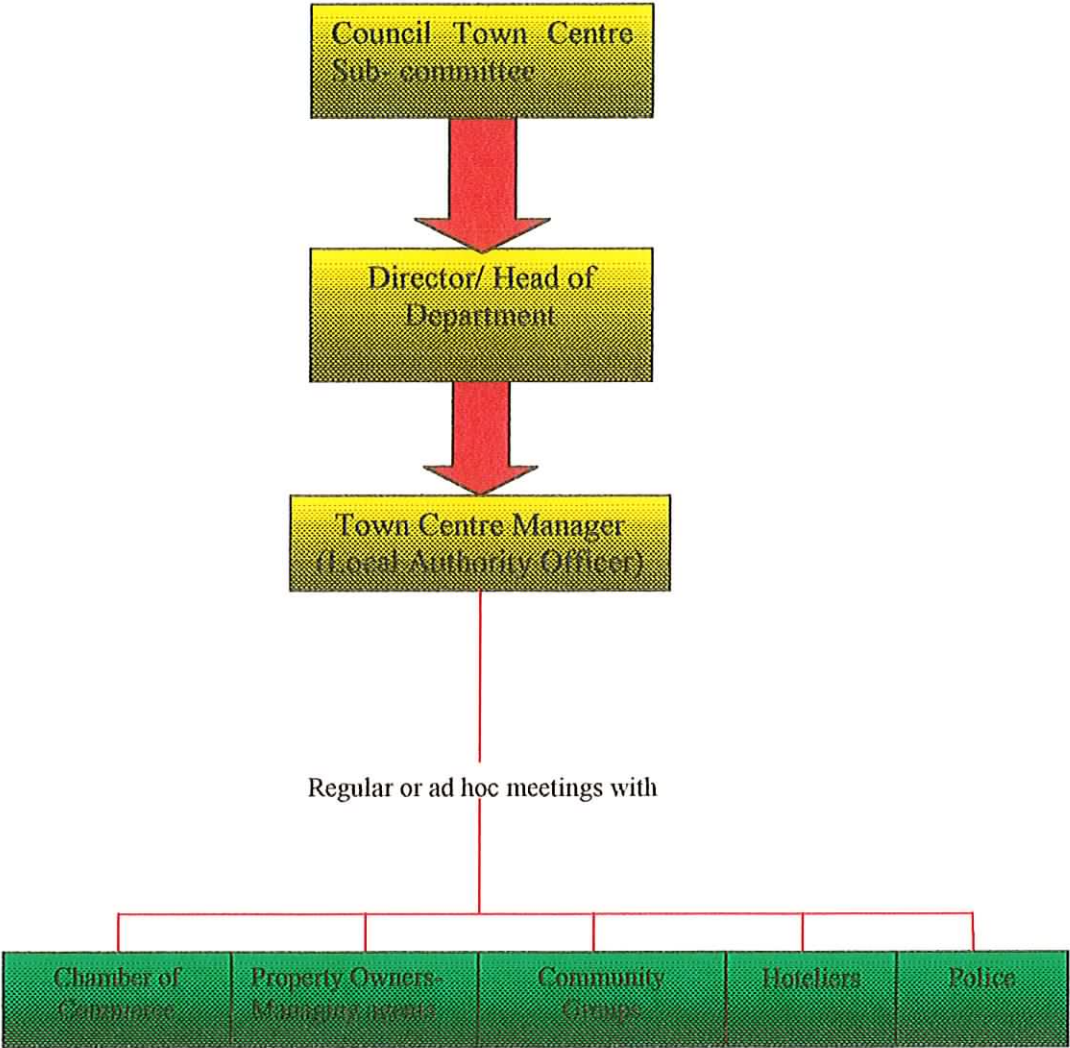
Similar structures in:

Birmingham.

Enfield.

Leighton Buzzard.

Figure Seven: LA Officer working with the private sector.





## Model Eight

### City Challenge- Town Centre Management

Whilst City challenge is not widespread it often is willing and able to appoint a manager.

#### Advantages

1. Part of a recognised regeneration process with considerable resources.
2. Influential support.

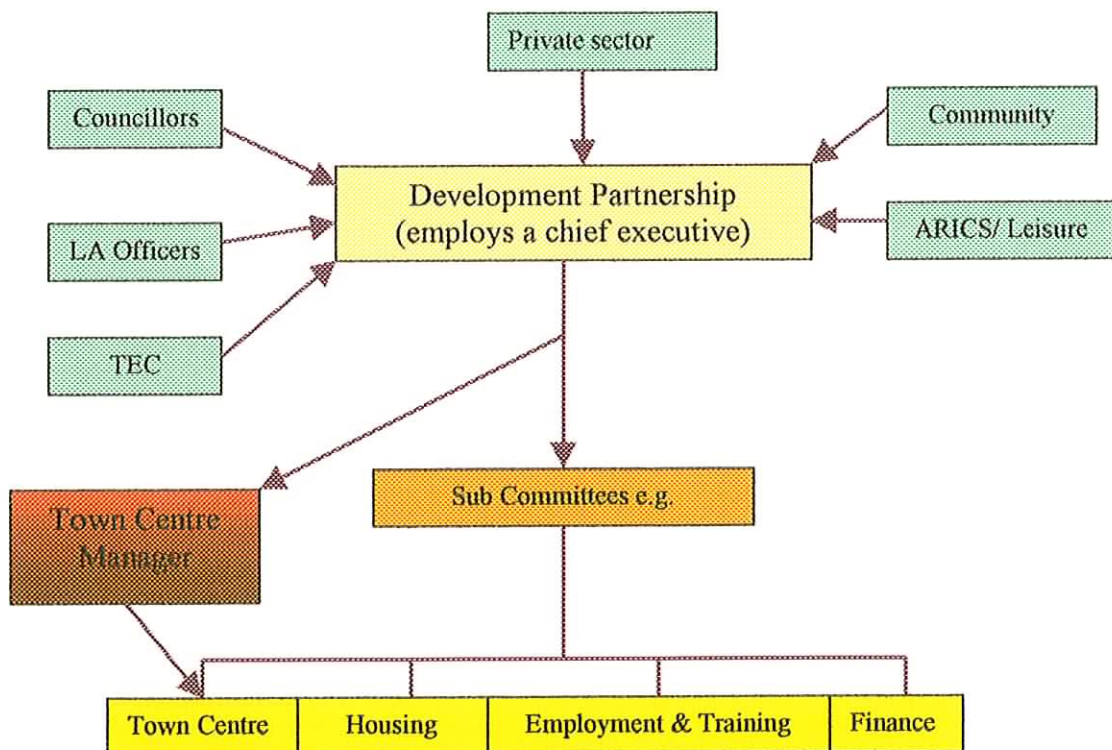
#### Disadvantages

1. Board of directors may have little retail/ town centre commercial input.
2. TCM is only part of a wider regeneration strategy.
3. Funding will ultimately run out (will need to bring in public and private sector funding)

Similar structures are in operation in

1. Stratford.
2. Dalston.
3. Huddersfield.
4. Brixton.

Figure Eight: City Challenge Based Town Centre Manager



## Model Nine City Centre Company

Based on examples from North America where the TCM concept has a long history. Companies are established to take over the management responsibility of specific geographic areas, employing staff and raising revenue.

A high level of trust between partners built upon many years of partnerships is needed.

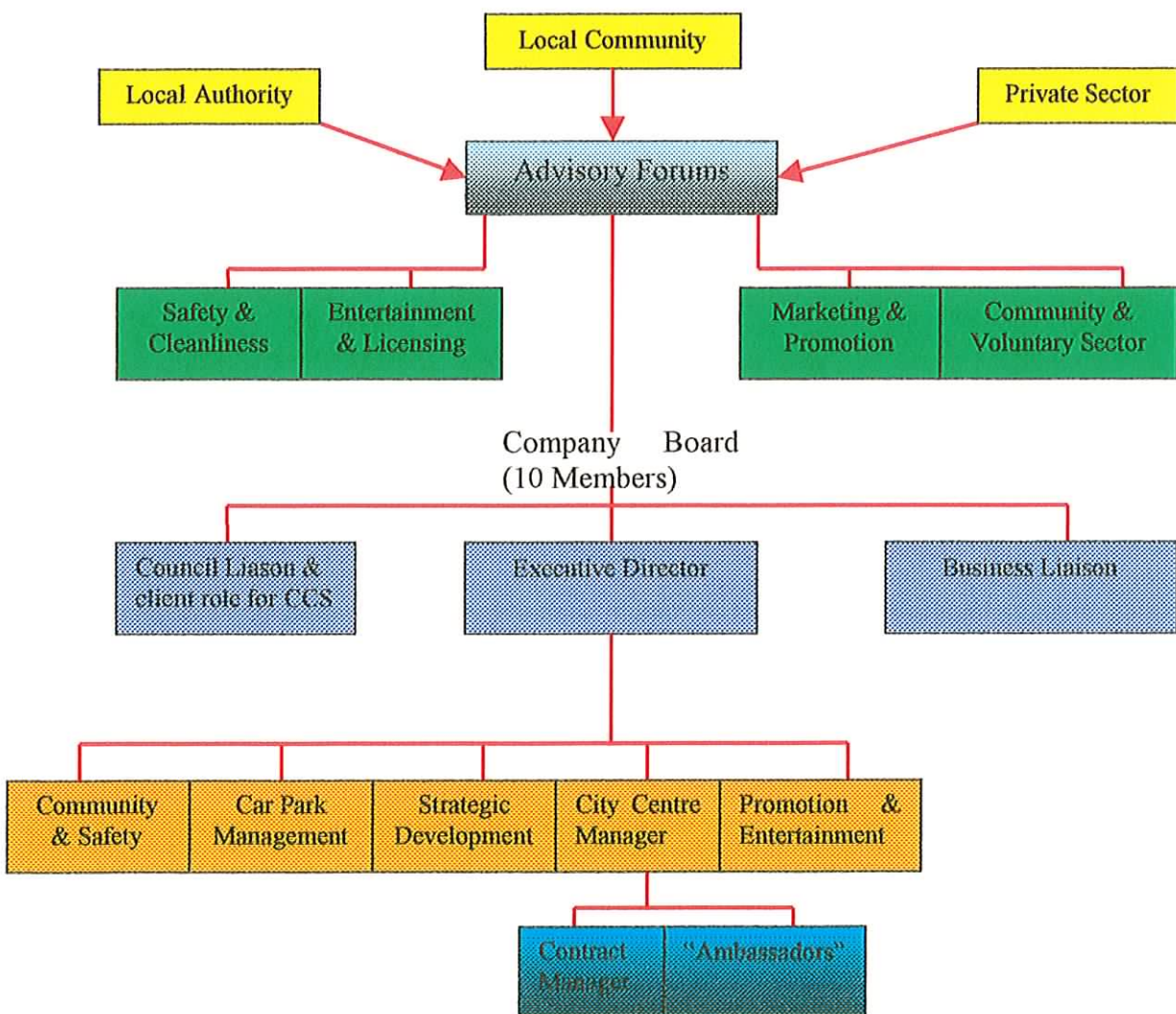
Board of Directors is drawn from very senior private sector and public sector management.

\*Definitely not to be attempted as first TCM structure! -should be allowed to evolve over time, as the organisation is able to take on a range of service delivery functions.

Similar Structures

1.Coventry, 2.Bristol

Figure Nine: City Centre Company



### **Model Ten Company Limited By Guarantee**

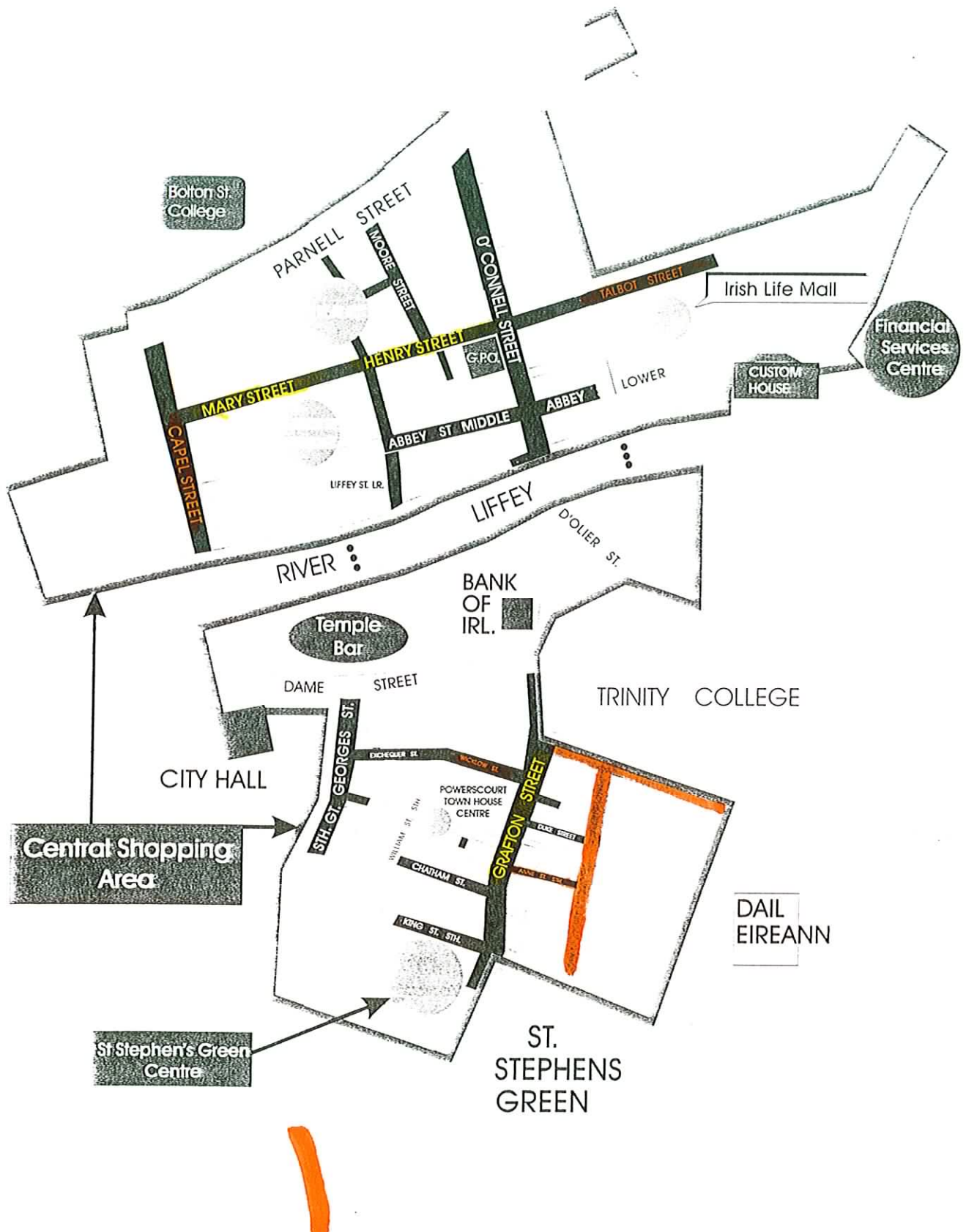
Any of the structures shown could form the basis of a company limited by guarantee (especially models 1, 3 and 9)

Steering groups would act as board of directors. Certain legal and accounting issues would need to be resolved before such a company is formed

Similar Structures:

1. Dumfries
2. Tunbridge Wells
3. Slough
4. Southport.

# Appendix E: Maps of City Centre Shopping



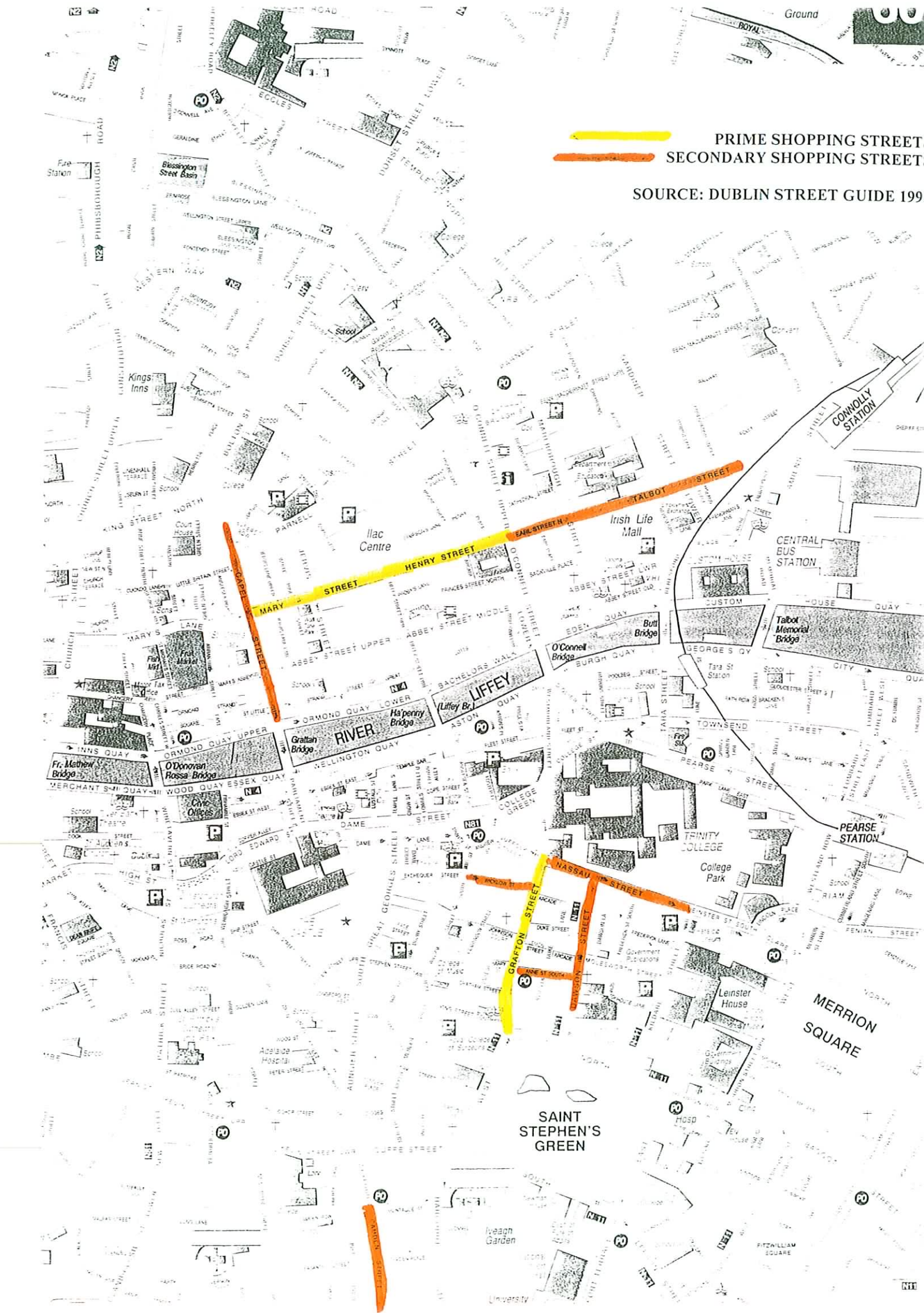
PRINCIPAL SHOPPING STREETS



PRIME SHOPPING STREETS  
SECONDARY SHOPPING STREETS

SOURCE: DUBLIN CITY DRAFT DEVELOPMENT PLAN  
1998





PRIME SHOPPING STREET  
SECONDARY SHOPPING STREET

SOURCE: DUBLIN STREET GUIDE 199

SAINT  
STEPHEN'S  
GREEN

MERRION  
SQUARE

